103

WELFARE REFORM PROPOSALS, INCLUDING H.R. 4605, THE WORK AND RESPONSIBILITY ACT OF 1994

Y 4. W 36: 103-108

Welfare Reform Proposals, Including...

HEARINGS

BEFORE THE

COMMITTEE ON WAYS AND MEANS

AND ITS

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

JULY 14, 26, 27, 28, 29; AUG. 9 AND 16, 1994

PART 2 OF 2

JULY 29; AUG. 9 AND 16, 1994

Serial 103–108

Printed for the use of the Committee on Ways and Means

SUPERINTENDENT OF DOCUMENTS
DEPOSITORY

JUN 26 1995

GOVERNMENT PRINTING OFFICE
GOVERNMENT PRINTING OFFICE LIBRARY

WELFARE REFORM PROPOSALS, INCLUDING H.R. 4605, THE WORK AND RESPONSIBILITY ACT OF 1994

HEARINGS

BEFORE THE

COMMITTEE ON WAYS AND MEANS

AND ITS

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

JULY 14, 26, 27, 28, 29; AUG. 9 AND 16, 1994

PART 2 OF 2

JULY 29; AUG. 9 AND 16, 1994

Serial 103–108

Printed for the use of the Committee on Ways and Means

U.S. GOVERNMENT PRINTING OFFICE

87–626 CC WASHINGTON : 1995

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-047095-1

COMMITTEE ON WAYS AND MEANS

SAM M. GIBBONS, Florida, *Acting Chairman*

DAN ROSTENKOWSKI, Illinois
J.J. PICKLE, Texas
CHARLES B. RANGEL, New York
FORTNEY PETE STARK, California
ANDY JACOBS, JR., Indiana
HAROLD E. FORD, Tennessee
ROBERT T. MATSUI, California
BARBARA B. KENNELLY, Connecticut
WILLIAM J. COYNE, Pennsylvania
MICHAEL A. ANDREWS, Texas
SANDER M. LEVIN, Michigan
BENJAMIN L. CARDIN, Maryland
JIM McDERMOTT, Washington
GERALD D. KLECZKA, Wisconsin
JOHN LEWIS, Georgia
L.F. PAYNE, Virginia
RICHARD E. NEAL, Massachusetts
PETER HOAGLAND, Nebraska
MICHAEL R. McNULTY, New York
MIKE KOPETSKI, Oregon
WILLIAM J. JEFFERSON, Louisiana
BILL K. BREWSTER, Oklahoma
MEL REYNOLDS, Illinois

BILL ARCHER, Texas
PHILIP M. CRANE, Illinois
BILL THOMAS, California
E. CLAY SHAW, JR., Florida
DON SUNDQUIST, Tennessee
NANCY L. JOHNSON, Connecticut
JIM BUNNING, Kentucky
FRED GRANDY, Iowa
AMO HOUGHTON, New York
WALLY HERGER, California
JIM McCRERY, Louisiana
MEL HANCOCK, Missouri
RICK SANTORUM, Pennsylvania
DAVE CAMP, Michigan

JANICE MAYS, *Chief Counsel and Staff Director*
DEBORAH G. COLTON, *Deputy Staff Director*
FRANKLIN C. PHIFER, JR., *Counsel to the Acting Chairman*
PHILLIP D. MOSELEY, *Minority Chief of Staff*

SUBCOMMITTEE ON HUMAN RESOURCES

HAROLD E. FORD, Tennessee, *Chairman*

ROBERT T. MATSUI, California
JIM McDERMOTT, Washington
SANDER M. LEVIN, Michigan
MIKE KOPETSKI, Oregon
MEL REYNOLDS, Illinois
BENJAMIN L. CARDIN, Maryland

RICK SANTORUM, Pennsylvania
E. CLAY SHAW, JR., Florida
FRED GRANDY, Iowa
DAVE CAMP, Michigan

CONTENTS

Page

Press releases announcing the hearings 2

WITNESSES

U.S. Department of Health and Human Services:
Hon. Donna E. Shalala, Secretary; accompanied by Hon. Mary Jo Bane, Ph.D., Assistant Secretary for Children and Families; and Hon. David T. Ellwood, Ph.D., Assistant Secretary for Planning and Evaluation 30
Hon. Mary Jo Bane, Ph.D., Assistant Secretary for Children and Families; and Hon. David T. Ellwood, Ph.D., Assistant Secretary for Planning and Evaluation; accompanied by Wendell Primus, Deputy Assistant Secretary for Planning and Evaluation; Michael Wald, Deputy General Counsel; and Paul Legler, Attorney Adviser to the Assistant Secretary for Planning and Evaluation 134
U.S. Commission on Immigration Reform, Hon. Barbara Jordan, Chair; accompanied by Susan Martin, Executive Director 915

American Civil Liberties Union, Deborah Lewis 1149
American Fathers Coalition, Bill Harrington 747
American Public Welfare Association, Kevin Concannon 998
Anderson, Eloise, California Department of Social Services 1021
Association for Children for Enforcement of Support, Tudi Whitright 764
Aviv, Diana, Council of Jewish Federations 1042
Ballard, Charles Augustus, National Institute for Responsible Fatherhood and Family Development 649
Barca, Hon. Peter W., a Representative in Congress from the State of Wisconsin 614
Becerra, Hon. Xavier, a Representative in Congress from the State of California 589, 956
Burbridge, Lynn C., Wellesley College 1026
California Department of Social Services, Eloise Anderson 1021
Campbell, Hon. Jane, Majority Whip, Ohio House of Representatives, and National Conference of State Legislatures 972
Campbell, Nancy Duff, National Women's Law Center 627
Carper, Hon. Thomas R., Governor, State of Delaware, and National Governors' Association 937
Castle, Hon. Michael N., a Representative in Congress from the State of Delaware 454
Cave, Pamela L., Chantilly, Va 713
Center for Law and Social Policy, Mark Greenberg 1087
Center on Budget and Policy Priorities, Robert Greenstein 850
Child Support Enforcement, Richard (Casey) Hoffman 682
Children's Defense Fund, Clifford M. Johnson 1159
Clayton, Hon. Eva M., a Representative in Congress from the State of North Carolina 573
Clyburn, Hon. James E., a Representative in Congress from the State of South Carolina 433
Coalition on Human Needs, Jennifer A. Vasiloff 1168
Collins, Hon. Cardiss, a Representative in Congress from the State of Illinois . 530
Community Coordinated Child Care, Linda M. Locke 1175
Concannon, Kevin, American Public Welfare Association, and Oregon Department of Human Resources 998

Page

Congressional Black Caucus, Hon. Kweisi Mfume, Chairman 782
Council of Jewish Federations, Diana Aviv 1042
Davis, Anne Shervington, Florence Crittenton Services of Baltimore, Inc 809
Delaware, State of, Hon. Thomas R. Carper, Governor; and Delaware Department of Health and Social Services, Carmen Nazario 937
DeLay, Hon. Tom, a Representative in Congress from the State of Texas 446
Duncan, Greg J., University of Michigan 833
Families First, and Family Service America, Patricia Whatley Showell 817
Fingerhut, Hon. Eric D., a Representative in Congress from the State of Ohio 600
Flake, Hon. Floyd H., a Representative in Congress from the State of New York 559
Florence Crittenton Services of Baltimore, Inc., Anne Shervington Davis 809
Fowler, Hon. Tillie K., a Representative in Congress from the State of Florida 623
Franks, Hon. Gary A., a Representative in Congress from the State of Connecticut 596
Greenberg, Mark, Center for Law and Social Policy 1087
Greenstein, Robert, Center on Budget and Policy Priorities 850
Griswold, J. Samuel, South Carolina Department of Social Services 672
Guide Family Support Center, Patricia Washington and Lukisha Jackson 808
Hall, Hon. Tony P., a Representative in Congress from the State of Ohio 532
Harrington, Bill, American Fathers Coalition 747
Hoffman, Richard (Casey), Child Support Enforcement 682
Horowitz, Michael J., Manhattan Institute 1099
Hutchinson, Hon. Y. Tim, a Representative in Congress from the State of Arkansas 554
Jackson, Lukisha, Prince Georges County, Md 808
Jacobs, Hon. Andy, Jr., a Representative in Congress from the State of Indiana 412
James, Hon. Kay Coles, Virginia Department of Health and Human Resources 982
Johnson, Clifford M., Children's Defense Fund 1159
Kaus, Mickey, New Republic 1107
Kennelly, Hon. Barbara B., a Representative in Congress from the State of Connecticut 408
Lewis, Deborah, American Civil Liberties Union 1149
Locke, Linda M., Community Coordinated Child Care 1175
Lockhart, Larry, New Jersey Department of Human Services 1050
Long, Hon. Jill L., a Representative in Congress from the State of Indiana 474
Lowey, Hon. Nita M., a Representative in Congress from the State of New York 516
Manpower Demonstration Research Corp., John W. Wallace 1033
Massachusetts, Commonwealth of, Department of Revenue, Robert M. Melia 695
Matsui, Hon. Robert T., a Representative in Congress from the State of California 402
Maynard, Rebecca, University of Pennsylvania and Mathematica Policy Research, Inc 894
McCurdy, Hon. Dave, a Representative in Congress from the State of Oklahoma 470
Melia, Robert M., Commonwealth of Massachusetts, Department of Revenue 695
Menendez, Hon. Robert, a Representative in Congress from the State of New Jersey 796
Meyers, Hon. Jan, a Representative in Congress from the State of Kansas 435
Mfume, Hon. Kweisi, a Representative in Congress from the State of Maryland, and Chairman, Congressional Black Caucus 782
Mink, Hon. Patsy T., a Representative in Congress from the State of Hawaii 485
Murray, Charles, American Enterprise Institute 843
Nathan, Richard P., Rockefeller College of Public Affairs and Policy, State University of New York 966
National Association of Counties, Michael Pappas 991
National Black Women's Health Project, Cynthia I. Newbille 644
National Conference of State Legislatures, Hon. Jane Campbell 972
National Governors' Association, Hon. Thomas R. Carper, Governor, State of Delaware 937
National Institute for Responsible Fatherhood and Family Development, Charles Augustus Ballard 649
National Women's Law Center, Nancy Duff Campbell 627

Page
Nazario, Carmen, Delaware Department of Health and Social Services 937
Neal, Hon. Richard E., a Representative in Congress from the State of Massachusetts 414
New Jersey Department of Human Services, Larry Lockhart 1050
New Republic, Mickey Kaus 1107
Newbille, Cynthia I., National Black Women's Health Project 644
Norton, Hon. Eleanor Holmes, a Delegate in Congress from the District of Columbia 782
O'Neill, June E., Baruch College, City University of New York 878
Oregon Department of Human Resources, Kevin Concannon 998
Orton, Hon. Bill, a Representative in Congress from the State of Utah 801
Pappas, Michael, National Association of Counties and Somerset County, N.J., Board of Freeholders 991
Pastor, Hon. Ed, a Representative in Congress from the State of Arizona 571
Payne, Hon. Donald M., a Representative in Congress from the State of New Jersey 777
Payne, Hon. L.F., a Representative in Congress from the State of Virginia 469
Rector, Robert, Heritage Foundation 1056
Regula, Hon. Ralph, a Representative in Congress from the State of Ohio 526
Richardson, Hon. Bill, a Representative in Congress from the State of New Mexico 640
Roukema, Hon. Marge, a Representative in Congress from the State of New Jersey 505
Rush, Hon. Bobby L., a Representative in Congress from the State of Illinois . 587
Santorum, Hon. Rick, a Representative in Congress from the State of Pennsylvania 443
Schroeder, Hon. Patricia, a Representative in Congress from the State of Colorado 496
Scott, Hon. Robert C., a Representative in Congress from the State of Virginia 487
Shaw, Hon. E. Clay, Jr., a Representative in Congress from the State of Florida 452
Showell, Patricia Whatley, Families First, and Family Service America 817
Slaughter, Hon. Louise M., a Representative in Congress from the State of New York 512
Snowe, Hon. Olympia J., a Representative in Congress from the State of Maine 501
Somerset County, N.J., Board of Freeholders, Michael Pappas 991
South Carolina Department of Social Services, J. Samuel Griswold 672
Talent, Hon. James M., a Representative in Congress from the State of Missouri 545
Vasiloff, Jennifer A., Coalition on Human Needs 1168
Velázquez, Hon. Nydia M., a Representative in Congress from the State of New York 593
Virginia Department of Health and Human Resources, Hon. Kay Coles James 982
Wallace, John W., Manpower Demonstration Research Corp 1033
Washington, Patricia, Guide Family Support Center 808
Waters, Hon. Maxine, a Representative in Congress from the State of California 584
Whitright, Tudi, Association for Children for Enforcement of Support 764
Williams, Constance W., Brandeis University 888
Woolsey, Hon. Lynn C., a Representative in Congress from the State of California 535
Wyden, Hon. Ron, a Representative in Congress from the State of Oregon 429

SUBMISSIONS FOR THE RECORD

Albano, Michael, American Academy of Matrimonial Lawyers, statement and attachment 1198
Allen, Patricia, NYC Regional Education Center for Economic Development, and BEGIN College Task Force, Federation of Protestant Welfare Agencies, statement 1189
American Academy of Matrimonial Lawyers, Michael Albano, statement and attachment 1198
American Fathers Coalition:
Bill Harrington, statement and attachments 1203
Stuart A. Miller, statement and attachments 1216

Page

American Federation of Labor and Congress of Industrial Organizations, AFL–CIO, statement 1235
American Federation of State, County and Municipal Employees, AFL–CIO, statement 1241
American Medical Student Association, statement 1247
American Payroll Association, Carolyn M. Kelley, statement 1250
American Public Transit Association, statement 1256
American Society for Payroll Management, statement and attachment 1258
Bassler, Elissa J., Day Care Action Council of Illinois, statement 1287
Baxter, Sandra, United We Stand America of Washington State, statement 1564
Bechill, William, Save Our Security Coalition, statement and attachment 1534
Blank, Rebecca M., Northwestern University, Evanston, Ill., statement 1127
Bouman, John M., Legal Assistance Foundation of Chicago, statement 1404
Brophy, Nettie, United We Stand America of Washington State, statement 1564
Center for Law and Social Policy, Paula Roberts, statement 1264
Chicago Coalition for Immigrant and Refugee Protection, David Marzahl, statement and attachment 1270
Children's Defense Fund, statement 1275
Children's Rights Council, statement and attachment 1282
Colman, Jean, Welfare Rights Organizing Coalition, statement 1568
Davis, Martha F., NOW Legal Defense and Education Fund, statement and attachments 1456
Day Care Action Council of Illinois, Roberta A. Wroblewski and Elissa J. Bassler, statement 1287
Deal, Hon. Nathan, a Representative in Congress from the State of Georgia, statement 1294
DeSarno, Judith M., National Family Planning and Reproductive Health Association, statement 1432
Dowling, Michael J., State of New York, statement 1449
Dujon, Diane M., Massachusetts Welfare Rights Union, statement 1410
Dustin, Sara, Parents for Justice, statement and attachment 1468
Evangelical Lutheran Church in America, statement and attachment 1296
Evans, Connie, Women's Self-Employment Project, statement 1581
Fathers for Equal Rights, Inc., Dick Woods, statement and attachments 1306
Food Research and Action Center, Robert Fersh, statement and attachments . 1326
Fort Lauderdale, Fla., City of, Housing Authority, William H. Lindsey, statement 1344
Gay, Roger F., Project for the Improvement of Child Support Litigation Technology, statements 1349
Gonzalez, Hon. Henry B., a Representative in Congress from the State of Texas, statement 1363
Harrington, Bill, American Fathers Coalition, statement and attachments 1203
Henry, Ronald K., Washington, D.C., statement 1364
Hogan, Lyn A., Progressive Policy Institute, statement 1492
Illinois Caucus for Adolescent Health, statement 1377
International Union, United Automobile, Aerospace and Agricultural Implement Workers of America-UAW, statement 1386
Jimenez, Luz B., City University of New York-Lehman College, Bronx, N.Y., statement 1391
Josephs, Melissa, Women Employed Institute, statement 1573
Justice, Marla, Holliston, Mass., statement 1392
Kamasaki, Charles, National Council of La Raza, statement 1422
Kelley, Carolyn M., American Payroll Association, statement 1250
Kelly, Kathleen N., United Way of Chicago, statement and attachment 1560
Lazio, Hon. Rick, a Representative in Congress from the State of New York, statement 1394
League of Women Voters of Chicago, statement 1395
Lefcowitz, Mark J., Alexandria, Va., statement 1399
Legal Assistance Foundation of Chicago, John M. Bouman, statement 1404
Lichtman, Judith, Women's Legal Defense Fund, statement 1577
Liebmann, George W., Baltimore, Md., statement 1409
Lindsey, William H., Housing Authority of the City of Fort Lauderdale, Fla., statement 1344
Marshall, Will, Progressive Policy Institute, statement 1496
Marzahl, David, Chicago Coalition for Immigrant and Refugee Protection, statement and attachment 1270
Massachusetts Welfare Rights Union, Diane M. Dujon, statement 1410
Matthews, Sharron D., Public Welfare Coalition, statements and attachments 1510

Page

Miller, Hon. George, a Representative in Congress from the State of California, statement 427
Miller, Stuart A., American Fathers Coalition, statement and attachments 1216
National Abortion and Reproductive Rights Action League, Marcy Wilder, statement 1412
National Child Support Advocacy Coalition, statement 1416
National Council of La Raza, Charles Kamasaki, statement 1422
National Council of the Churches of Christ in the United States of America, statement 1431
National Family Planning and Reproductive Health Association, Judith M. DeSarno, statement 1432
National Society of Professional Engineers, statement 1436
Navajo Nation, statement 1439
New York, State of, Michael J. Dowling, statement 1449
New York State Metropolitan Transportation Authority, Peter E. Stangl, letter and attachment 1454
NOW Legal Defense and Education Fund, Martha F. Davis, statement and attachments 1456
Owens, Hon. Major R., a Representative in Congress from the State of New York, statement 495
Parents for Justice, Sara Dustin, statement and attachment 1468
Paternal Involvement Demonstration Project, David Pate, statement 1489
Progressive Policy Institute:
  Lyn A. Hogan, statement 1492
  Will Marshall, statement 1496
Public Welfare Coalition, Sharron D. Matthews, statements and attachments . 1510
Reynoso, Heather, Sudbury, Mass., statement 1530
Roberts, Paula, Center for Law and Social Policy, statement 1264
Sanderson, Lisa, Framingham, Mass., statement 1532
Save Our Security Coalition, William Bechill, statement and attachment 1534
Service Employees International Union, AFL–CIO, statement 1541
Shier, Nancy, Work, Welfare and Families of Illinois, statement 1586
Stangl, Peter E., New York State Metropolitan Transportation Authority, letter and attachment 1454
Sudar, Robert C., United Fathers of America, statement and attachments 1552
Tetrault, Sharron Lee, Framingham, Mass., statement 1547
Torres, Hon. Esteban E., a Representative in Congress from the State of California, statement 1551
United Fathers of America, Robert C. Sudar, statement and attachments 1552
United Way of Chicago, Kathleen N. Kelly, statement and attachment 1560
United We Stand America of Washington State, Sandra Baxter and Nettie Brophy, statement 1564
Unsoeld, Hon. Jolene, a Representative in Congress from the State of Washington, statement 1567
Welfare Rights Organizing Coalition, Jean Colman, statement 1568
Wheat, Hon. Alan, a Representative in Congress from the State of Missouri, statement 471
Wilder, Marcy, National Abortion and Reproductive Rights Action League, statement 1412
Women and Poverty Project, Wider Opportunities for Women, Inc., statement 1570
Women Employed Institute, Melissa Josephs, statement 1573
Women's Legal Defense Fund, Judith Lichtman, statement 1577
Women's Self-Employment Project, Connie Evans, statement 1581
Woodard, Victoria, Framingham, Mass., statement 1584
Woods, Dick, Fathers for Equal Rights, Inc., statement and attachments 1306
Work, Welfare and Families of Illinois, Nancy Shier, statement 1586
Wroblewski, Roberta A., Day Care Action Council of Illinois, statement 1287

WELFARE REFORM

FRIDAY, JULY 29, 1994

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., in room B–318, Rayburn House Office Building, Hon. Harold E. Ford (chairman of the subcommittee) presiding.

Chairman FORD. The Subcommittee on Human Resources of the Ways and Means Committee will come to order. Today, the fourth day of our welfare reform series, we focus on the causes and consequences of early childbearing and policy options to address and prevent early childbearing.

As a society, we should be concerned about early childbearing not only because teen parents tend to receive welfare for long periods of time, but also because the children of teen parents tend to have rougher starts in life.

The Family Support Act of 1988 recognized the importance of emphasizing educational activities for teen parents in order to prevent long-term welfare receipts. However, the General Accounting Office reports that only a fraction of teen parents are served under the current JOBS program.

The President's welfare reform bill proposes to change that by focusing expanded JOBS resources initially on teens and other young parents who are trapped in the vicious cycle of welfare. This is the fourth day to hear from witnesses representing a cross section of the people who are directly and indirectly involved with the welfare population.

But what will prevent early childbearing in the first place? Data support the notion that young women with a future are less likely to give birth as teens. The causes of teen pregnancy are complex and will not substantially be alleviated solely through changes—however radical—in the AFDC benefit formula.

The administration's welfare proposal includes demonstration projects that will enable communities to address, in a comprehensive fashion, what are likely root causes of teen pregnancy, including weak social supports and poor life prospects. This demonstration approach, coupled with an evaluation to judge effectiveness, may be the best hope we have in making a positive difference.

But before we begin, I would like to set one fact straight. Too often the term out-of-wedlock birth is used in a fashion that does not truly represent the welfare population itself. Yes, there is a problem in our society. More than 1.2 million out-of-wedlock births

took place in 1991. However, in no way should that be considered a welfare problem and a welfare problem only.

I submit to all that we should look at the facts and look at the record to see what this problem has done to our society and not blame it all on the welfare population in this country.

I am very pleased to start the fourth day of hearings today with two of my distinguished colleagues, the chairman of the Congressional Black Caucus, Mr. Mfume, and the Delegate from the District of Columbia, Ms. Norton, who has been in the forefront of welfare reform and who has debated this issue throughout this country.

I would ask the two of you to sit at the witness table now. The full text of your testimony will be made a part of the record. We welcome you to the committee. We welcome your able leadership on this particular issue. I know that the two of you have worked with the task force of the Congressional Black Caucus. You have talked with me on numerous occasions.

I have seen Ms. Norton on many, many national debates on this particular issue. We must, as Members of Congress, the Subcommittee on Human Resources, and the full Committee on Ways and Means, work together to bring about a comprehensive policy that, as the President says, will change welfare as we know it. But we want to be sure we respond to the 8 million children that are trapped in this vicious cycle and say to the mothers who want to work, we know you want to work and we want to provide the type of jobs that are necessary to remove you from the welfare rolls and into the workplace.

At this time, the Chair will recognize Mr. Mfume of Maryland for his testimony.

STATEMENT OF HON. KWEISI MFUME, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MARYLAND, AND CHAIRMAN, CONGRESSIONAL BLACK CAUCUS; ACCOMPANIED BY HON. ELEANOR HOLMES NORTON, A DELEGATE IN CONGRESS FROM THE DISTRICT OF COLUMBIA

Mr. MFUME. Mr. Chairman, thank you very much and good morning. I thank you also for your leadership in conducting this very important and timely hearing on reforming the Nation's welfare system. It has been several years since I have had an opportunity to testify before the subcommittee. I certainly appreciate now, as I did then, the opportunity.

I am here to offer the position of the 40 members of the Congressional Black Caucus on the 3 most critical issues for us contained in H.R. 4605 and other pending bills. These issues are job creation, arbitrary time limits for recipients in compliance and exclusion of children born to recipient mothers. If not addressed, Mr. Chairman, the most urgent concerns of African-Americans and many others in that regard will be left out of welfare reform as we know it.

Today, people of African ancestry compose 39 percent of the Nation's AFDC recipients. The lives of these recipients are among the harshest and the most hopeless of all welfare recipients because, quite frankly, in many instances they tend to live in States with low-benefit rates and few support services.

In fact, those States where blacks compose less than 25 percent of a population, the average benefit for a family is $415 a month, almost twice the average family benefit of $210 a month in States where blacks compose 75 percent or more of a population.

Hence, unsurprisingly, to end welfare by providing meaningful jobs is perhaps more wholeheartedly supported by the African-American poor than is oftentimes reported. The central question is will H.R. 4605 do this? Will this proposal actually produce sufficient new opportunities for purposeful employment paying a living wage so that the welfare system as we know it can really be replaced by real work for African-Americans and others who currently have to rely, through usually no fault of their own, on AFDC.

Will necessary support services, such as health care and child care and transportation and so forth, be provided to enable welfare recipients to seize opportunities? And will poor Americans finally be provided with means not only for exiting welfare, but for moving out of poverty itself into self-sufficiency?

H.R. 4605 contains many salutary elements and I would be less than honest if I did not take a moment to mention some of those. For instance, the proposal supports work for wages, encourages the development of microenterprises and beefs up support services from child care to transportation, provides funding for a campaign to prevent teen pregnancy, seeks to improve the advanced payment systems for the earned income tax credit and expands the JOB programs.

These are all laudable and commendable undertakings, yet H.R. 4605, although well intentioned, is hardly enough to alter the present or future of welfare recipients in a substantially positive way. The three most serious concerns that the Congressional Black Caucus has developed as part of its prospectus demonstrates, we believe, inadequacy that must be addressed if welfare reform is to deserve the name that we have given it.

The most striking concern generated by this proposal is its failure to include a more viable job creation mechanism. Although a minimum of 1.5 to 2.4 million jobs need to be created to move recipients from welfare to work, the proposal that is before us sets a goal of slightly less than 400,000 jobs by fiscal year 2000.

In a context in which ample research shows that the segment of the labor market most accessible to former welfare recipients is generally characterized by low and falling wages and high and rising unemployment, the proposal's goal, then, is clearly woefully inadequate.

Those with the steepest wage declines have also had the highest levels of unemployment. For example, more than two out of every five African-American female high school dropouts who are between the ages of 16 and 25 were unemployed in the 1979 to 1993 period. In short, the supply of young, poorly educated women already exceeds the demands for their services. The availability of low-skilled and semi-skilled jobs are at a historic low, precisely in the places where the most welfare recipients live; that is, either in rural America or in central cities.

And so, then, Mr. Chairman, without bona fide efforts at job creation, welfare reform, then, becomes a false promise for many of

those that we in the Congressional Black Caucus have had the honor and the privilege to represent.

This brings us to the second and inextricably linked flaw generated by the proposal before us, the 2-year lifetime limit on the AFDC recipient. The success of welfare reform, in particular the viability of time limits, is in part predicated on the ability of labor markets to generate higher levels of unemployment at better wages. And yet the lifetime limit not only ignores the current realities of a low-wage labor market, it also fails to take into account the diversity of the AFDC population.

There is extraordinary variation among welfare recipients, such as race, gender, age and educational differences, life histories, as well as the length of tenure on AFDC. Take, for example, if you will, the present education level of adult welfare recipients. According to available data, 11.1 percent of welfare mothers have less than an 8th grade education, 35.1 percent have 1 to 3 years of high school, 40.8 percent have a high school degree, 12.2 percent have some college, and 0.8 percent are college graduates.

What the 11 percent of welfare mothers with an 8th grade education and the 13 percent with at least some college can derive from 2 years of training and education is substantially different.

In short, Mr. Chairman, some people need more time and some people need less. Moreover, research has shown that the real problem with AFDC is recidivism. Many women in the low-wage labor market use it as an unemployment insurance system, cycling in and out of a low-wage labor market.

What happens to these women in the context of a 2-year lifetime limit? Perhaps equally, if not more disturbing, is that the new performance levels associated with the 2-year limit, may in fact discourage States from investing in the education and training programs that would, in fact, allow AFDC recipients to find jobs that would keep them and their families out of poverty.

Since sanctioned families count as "participating families" under the new rules of H.R. 4605, it will be easier and, I might add, cheaper, for States to sanction families, throwing them off the rolls than it would be to provide education and training so desperately needed for them.

Our third concern is provisions allowing States to enforce the nonadditional child clause penalizing children who are born while their mother is on welfare, by not allowing the parent to receive additional support from State agencies. This would leave women on welfare alone among all Americans who get nongovernmental subsidies with an additional child to support.

Every American family with a working member and with children is entitled to a tax exemption of $2,350 for each child. Working poor families, in addition to an earned income tax credit of up to $2,364, also enjoy that level of support, or as some would like to say, subsidy. However, a welfare recipient receives $67 a month for an additional child. And so, then, the vast majority of AFDC families are smaller than the American family, despite the suggestions and stereotypes to the contrary.

Today, rather than what we would like to believe, AFDC, acting as an inducement for women to have children, is not an inducement at all. AFDC benefits structures that exist in most States ef-

fectively penalize those families with more children by failing to increase benefits by an amount sufficient to cover the cost of providing for an additional child. Nor does the average number of children vary depending on benefit levels in States.

The five States with the highest birth rates for 18- and 19-year-olds, Arizona, Arkansas, Mississippi, Nevada and New Mexico, all have AFDC benefits below the national medium. The four States with the lowest birth rates for 18- and 19-year-olds, Massachusetts, New Hampshire, North Dakota and Vermont, all have AFDC benefits above the national medium.

Finally, the average size of a family receiving AFDC has become smaller over time, from 4.0 percent in 1970 to 2.9—I should not say percent, from 4.0 in 1970 to 2.9 in 1992, a trend, quite frankly, that counters the view that welfare mothers are having more and more children to receive larger and larger benefits.

Thus, the main effect of child caps would be to punish children for the parent's action by in the process stretching family resources. This may also raise constitutional questions about the right to punish a child for the conduct of his or her parents. If allowed to stand, the child exemption clause in H.R. 4605 could, in fact, create 50 different welfare systems, the end result being a system much like the one we currently have in place, where those States with large minority populations tend to be more punitive and provide lower assistance.

Mr. Chairman, in closing, let me say to you and the other members of this panel, and to remind myself, that welfare in this country is an issue too oftentimes still laden with race and racial prejudice. And while most people do not buy into that age-old scapegoat, far too many still do. We will compound this uncomfortable and tragic circumstance if we ignore the three vital issues the Congressional Black Caucus has sought to raise today in this testimony. If not sufficiently addressed, it is my belief that these issues will leave the most vulnerable in our society struggling forever to get off welfare, with their hopes raised, still struggling and still living in hope of real reform.

I thank the distinguished chairman and members of the committee for having the opportunity to present the position of the caucus and stand willing, of course, to answer and respond to any questions you may have.

Chairman FORD. Thank you very much, Chairman Mfume. Let me recognize Ms. Norton first and then we will come back for some questions. Ms. Norton.

Ms. NORTON. Thank you. I am only here to assist the chairman of the caucus in answering any questions you may have.

Chairman FORD. Thank you very much.

Mr. Matsui.

Mr. MATSUI. Thank you, Mr. Chairman. I, again, want to thank you for conducting these hearings. I would like to thank Representative Norton and Representative Mfume for their testimony today. I appreciate it very much and I appreciate the thoughtfulness and the deliberateness of the testimony of the Congressional Black Caucus.

One of the things that has really bothered me about the family cap, which you spent a good amount of time speaking about, Con-

gressman Mfume, is the fact that the administration, the people that have drafted this legislation, are questioning motives. They are questioning motives of people that are on welfare.

In other words, rather than just accept the fact that a recipient might have a child, just as a woman in the general population might have a child, they are saying she is doing it for a specific purpose and they are branding everybody in that universe as having the motive of wanting to get extra benefits. I find it somewhat offensive that people would question motives of recipients; that they would say these women want to have children so they can get more money.

Let us take Mr. Ellwood, for example. He has taken a 2-year leave of absence from Harvard University. I understand that he must go back by the end of this year, otherwise he may lose some important benefits.

Now, you and I are not suggesting that he is trying to push welfare reform this year, so he can enhance his own resume. We would never suggest that of him. And I don't see why he and others would suggest that people on welfare have children for the purpose of receiving benefits. It is very, very troubling to me that this would happen.

Now, I would like to ask you, given the fact that 55 percent of the people that go on welfare go off welfare in the first 12 months; the fact that 77 percent of those then go back on within 7 years, what do we really need to do? Obviously, the issues of day care and health care benefits play into all of this. Could you discuss that for me?

Mr. MFUME. I think what we have to recognize, as I tried to suggest in the testimony, is that we have to find ways to build in flexibility. Every block is not square in this instance, every circle is not round, and every AFDC recipient is not the same. Their circumstances vary oftentimes because of where they are and what is available to them, and sometimes it varies because of what they do or may not do. But in every instance they are not the same.

And so, then, if we are to reform the system and to be honest about what we are trying to do to be successful, what, in my opinion, we need to do more than anything else is to recognize that flexibility must become a part of this so that it takes into concern and into consideration the differences in needs and the differences in circumstance of people that we are all trying to assist.

As you, I would not attempt to impugn the motives or the integrity of any woman who has been forced to be in the humiliating position, quite frankly, of having to even receive welfare. Most women do not want that; they do not want to raise their children that way. And I would oftentimes argue with individuals in my efforts to encourage them not to do the same, because then we get on a level that I think as fairminded individuals we do not belong on.

I would say, however, that while persons who have constructed this bill generally have probably done so out of a general interest to do something good and meaningful, that some of what they are doing does, to some extent, question or if not question, certainly brings into consideration the question of one's motives.

I can't speak for the drafters of the bill. I can speak for myself as one who at the age of 19 was about to become a teen parent and

who recognized then and many years after then the devastation of what that can do to one's life and the extra effort that is needed to correct one's life. And I don't know of many young people who are, or old people for that matter, who are seeking to have children to get an additional $67 a month. I mean the cost benefit ratio, if I might be so generic and clinical, simply does not make a lot of sense to the rocket scientist or to the mother of children.

So every time I speak to people, I try to obviously discourage the notion of additional births. I argue over and over again that there is a better way, and yet, I know that there is a reality that we confront; that in some instances those things are not controlled. They certainly are not planned in most instances, but in most instances they are not controlled. And so when there is an additional birth, without flexibility in the system, we set rigid standards for which all people are forced to live under.

It goes back to the whole idea of the sloganeering that has been existing on this bill, 2 years and you are off. Everybody does not need 2 years. Some people may need 11 months; some people may need 2 years and 8 months. So without flexibility, we fail to do all we can in the reformation process, and what we also do, I think, is a disservice to what has clearly become a very clear opportunity now for all of us in this country to reform the system as we know it.

Mr. MATSUI. Thank you. If I may ask one more question, Mr. Chairman.

Chairman FORD. Go right ahead.

Mr. MATSUI. Some have referred to welfare reform as a big checkwriting machine. How would you respond to that?

Mr. MFUME. I think that is a rather casual, laissez-faire, irresponsible way to view a system that was designed by those who preceded us in this government with the clear objective to recognize that in a democracy as big as this one and in a country with the power and capability and resources as this one, that we would somehow miss the meaning of the Founding Fathers if we did not recognize that there are times that some of our citizens, because of governmental policies or other things, find themselves in a situation where they have to, in fact, rely on welfare.

We created, as a Nation, that system because we took into our understanding the fact that those things occur. And we have become bigger as a Nation, I believe, as a result of that. We, at the same time, encourage people or certainly try to encourage people to take advantage of basic American ideals; hard work and fair play.

Everybody, I think, would like, if they could, to do the most and give the most to the children they bring into this world and the families they are a part of. But when things happen as they do in societies, and people find themselves, usually for no fault of their own, having then to rely, almost in an embarrassed way sometimes, on this government and the system that we all love, I think that it is very irresponsible to suggest that it is one great big checkwriting operation, considering the sort of checks and subsidies we have written for Boeing and Lockheed and so many other interests and the subsidies we are providing to farmers and other groups in our country. We have to be honest and fair.

I would like to remove all the rhetoric from the debate, quite frankly, and to try to proceed in a humanistic way, recognizing that responsibility must be something that is coveted and cherished and something that is lifted in our society and that becomes, then, the responsibility of all people, if I might be so redundant.

But, at the same time, to be caring enough and big enough and honest enough as a society to recognize that when Americans who have given to this country for whatever reason find themselves in need, that we do that and that we do it with great dispatch and that we not minimize it by using characterizations that, I think not only hurt people, but hurt the democracy that we know.

Mr. MATSUI. Thank you very much, Mr. Chairman.

Chairman FORD. Thank you, Mr. Mfume. You have addressed the JOBS component of welfare reform. The administration offered to the Congress a JOBS component in its welfare package and we know that there is a Republican bill and the Mainstream Democrats have fashioned their bill.

What do you see? What types of jobs? You mentioned 400,000 jobs in the administration's bill. You have talked about, I think it was 1.4 million jobs, I think, that you advocated in your testimony before the committee. How do we create these jobs?

Should we solely depend upon the private sector to place the people that we train and offer skills and match up with job opportunities, first in the private sector, or should we think in terms of some comprehensive JOBS program from a Federal perspective?

Mr. MFUME. I think if we learn from history, which always tends to be our greatest instructor, we would quickly see that we need an aggressive combination of both. Conservative estimates suggest that by the year 2000, if we are serious about what we are talking about in terms of moving people off of rolls, we will need 1.5 million and then the estimates on the other side say 2.5 million jobs. But the package before us, H.R. 4605, talks about 400,000, and that is why I termed it woefully inadequate.

If we accept the premise that it is inadequate, and I hope that we do, I think it is clear, then, that if we are to get to the 1.4 or the 2.5 million jobs that I think are needed, and others tend to suggest are needed also, that we do it both through a realization of government infusion, and I don't necessarily mean creating jobs for the sake of creating jobs, but when you look at the massive work that needs to be done just on the infrastructure of this Nation, and when you look at a number of things that have been overlooked because of our great deal of emphasis, at least up until the last couple of years, on our cold war effort and our defense effort, and you look at the needs of America, there are ways to create jobs that are not boondoggles or jobs for people just to have something to do, that do not give them a skill, that may give them a wage for 1 year and then move them off. That is the first thing.

The second thing is to stimulate the private sector in such a way, through inducements, enhancements, incentives, that the private sector is able to create jobs by having a climate that is more conducive for it. And in doing that it requires a great deal of sensitivity to the needs of the private workplace, both small businesses and corporate America. Generating that sort of climate, where we are essentially business-friendly, allows, then, the private sector to re-

invest, to diversify, to expand, and in the process to create more jobs.

Both of those things in unison, I think, is the best way to go. And both of those, at least through our historical perspective, suggest to us that if we do that with great dispatch seriously, with a sense of understanding our real purpose in all of this, and do it because we believe in it, we then in tandem, using those two efforts, I think can create the additional jobs that are not created by the bill that is before us.

Chairman FORD. You represent portions of the city of Baltimore, if not all of Baltimore. Is that correct?

Mr. MFUME. I represent about 60 percent of the city of Baltimore, and probably about 35 to 40 percent of the surrounding county.

Chairman FORD. And, Ms. Norton, you represent the District of Columbia and you have conducted television talk shows or forums to talk with welfare recipients or those who are trapped into the welfare population. What do you hear from the welfare population? What are they saying? What are people actually saying who are recipients and who are on the welfare rolls?

Mr. MFUME. Well I will just speak for myself and then defer to Ms. Norton, who I have a great deal of respect for because of her work on this issue.

Chairman FORD. Do they want more welfare? You have said you do not think they are having babies to increase their welfare checks or remain on the welfare rolls. What are they saying? Do they come and talk about one more welfare——

Mr. MFUME. Well, quite frankly, Mr. Chairman, they are no different from those of us in the Congress when it comes to opinions. They are not monolithic at all. They all have differences of opinion.

Chairman FORD. Do you think they want to stay on welfare?

Mr. MFUME. Absolutely not.

Chairman FORD. Do they like to be trapped into this cycle? Do they enjoy receiving whatever amount it might be in food stamps? Are they happy? Are they satisfied?

Mr. MFUME. Absolutely not. If this were 25 years ago, some might find better fodder for their argument by suggesting that is the case, because the pop culture then was different and access to the pop culture was different. But the fact is that any mother receiving benefits can, and usually does, turn on a television set at some point in the day that opens her and her family to the rest of the world. And in looking at the rest of the world and then juxtaposing that against her own circumstance, clearly, then, there is a difference.

And most people, aside from the humiliation and the necessity to have to rely on government for benefits, recognize that they want for their family and themselves the same thing they see on TV that other people have for their families and themselves; a basic life, certain guarantees of life, certainly better for their children than they had.

They want to have an opportunity to feel like they are productive members of a society that they are learning more and more about and feel very strongly about. And they want not to be a football, a political cue ball, if you will, that is knocked from pocket to pock-

et, from end to end, simply because they happen to be in the condition they are in.

They want, like everything, to get out of that, and they want to find ways of doing it. I think that what we do as a society is to create paths. If people do not go down the paths, that is one thing. And then the criticism for those who balk at the head of that road is legitimate. But I think if we open paths and open doors, we will see people running and rushing to find ways to get out of that situation, to bring themselves to where they want to be in life and to create new possibilities.

But the interesting irony in all of that is that the road less traveled is the road less certain. And we have not gone down the road of opening doors and clearing the path to see if people will come forward and help themselves out of their situation. And that, perhaps, is the real challenge of this Congress as we come to the end of this century and talk about reforming a system that started off with best intentions and that has now become a system that is being kicked around and abused.

Open the doors and create the opportunities and clear the paths, and I guarantee you that welfare mothers across this Nation, whether they are black, white, Latino, Native American, Asian, whatever, will run to get out of their situation and will do whatever they have to do, by running across others who have made their bodies bridges, to make sure that their children and their future is guaranteed and they are finally productive and contributing members to this society.

Chairman FORD. So what about the public perception that is out there regarding mothers who are on welfare. You know, some try to compare the motives of welfare recipients to the motives of a person in the work force who works hard to win a promotion, a pay raise. The perception would lead one to believe that a welfare mother wants an increase in her welfare benefits like a pay raise, by having another child. Do you think there is any truth to that myth?

Mr. MFUME. Most welfare mothers who I have come in contact with, Mr. Chairman, want a job. They know that is the best social program. They want a job. And when they see me, they say, Congressman, can you help me get a job? That is the first question.

So while I don't argue with you that there is a public perception that would suggest otherwise, if you walk the streets I walk and go to the units in the projects and in the houses that I go to, women are saying to me I want a job and can you get me one.

Chairman FORD. Thank you.

Ms. Norton.

Ms. NORTON. I certainly want to be associated with the remarks of Chairman Mfume. May I also say that far from using welfare to increase their income by having another child, I have found the opposite to be the case; that the welfare system is so detested and so harsh that people look for every way they can find to get off of it.

Now, one of the things that makes clear that the small amount of extra money does not encourage people to have extra children is the rate of abortion among low-income black women. Among black women generally, abortion is used at a rate two-and-a-half times

that of white women. Many of these are women on welfare who have to borrow money to get an abortion and many of them are low-income women. The one thing they know that will put them deeper into a hole is an additional child.

So my experience, and I think the data bear this out, is that the opposite is the case. Once you get on welfare, the last thing you want is an additional child, which is why I think women on welfare and low-income women have fewer children now than the average American family.

This much is clear. We may be raising expectations here about jobs. Washington, D.C., has a very large, middle-income black and white population. Many of our welfare recipients are clustered in wards seven and eight across the river and live in housing projects. These are women who have looked for jobs in communities that are job-devastated, without economic development and without jobs. And we are putting out here on the street now that there are going to be jobs for people on welfare. They believe that perhaps the jobs they could not get, the government is going to help them get.

The proposal, however, belies that possibility. With the skill level and education level of many of these very young women, the absence of jobs in the inner cities and indeed in the cities at large, unless we are prepared to do vigorous job development, which was the first item in Chairman Mfume's testimony, I believe we have raised a false promise to more people out there looking for jobs who cannot find them and that is why so many of them are still on welfare.

Chairman FORD. Are you saying that you think the welfare population and low-income mothers have a higher abortion rate than others?

Ms. NORTON. I do.

Chairman FORD. And that would be even greater if the welfare burden——

Ms. NORTON. It is greater in proportion to their share of the population. And I do believe that if there is a family cap, those who have conscientious scruples concerning abortion may find that they are caught between those scruples and the loss of benefits or the failure to have more benefits if you have an additional child.

Chairman FORD. So if there is a family cap, there would probably be even more abortions than you would find today.

Ms. NORTON. There is no doubt in my mind about that.

Chairman FORD. I know you are prochoice, but do you think that the prolife advocates and groups would support this welfare package with a cap knowing that it would increase the abortion numbers in this country?

Ms. NORTON. I am not sure what their position is, but I don't see how, consistent with their stated beliefs, they could possibly support a family cap. Because I think almost anyone would understand that, given the small amount of increase that you get now, and with the denial of benefit increases that you would get later, that with welfare benefits already having taken such a decline over the last 20 years in real dollars, that, in a real sense, the government is inviting abortion now.

Again, in my community, there is a great deal of abortion already. Part of that bespeaks the failure of low-income women to

use family planning as people do who have more education. The interesting thing is the extent to which people learn from the tough experience of having had an unwanted child and they try not to have another one. Many then, in fact, use the low-income clinics, and we have had a terrible time about those, in which you can be advised about abortion and family planning.

But there is no question that people borrow money now in order to get abortions. Because if you are on welfare, welfare will not pay for a woman to have an abortion. They borrow money now. In cities like the District of Columbia, where only recently we have been able to spend our own money for poor women for abortion, Planned Parenthood will tell you that they subsidized women who came to them and asked them to help them get an abortion because they were on welfare and could not, in fact, get an abortion.

And, of course, there are many big cities that subsidize abortion for women on welfare because Medicaid does not allow that to be done and these women are so desperate not to have another child and as low-income and often poorly educated women, they have not gotten the good habits associated with family planning.

Chairman FORD. Charles Murray will be testifying later today on one of the panels. Do you agree with his theory on welfare as it relates to how we ought to put an end to this problem we are faced with in this country?

Ms. NORTON. That theory, it seems to me, is so discredited that even the Republicans, in the House Oxford-style debate, said they did not embrace it.

But I wish you would ask Mr. Murray a question that relates to something he said in a debate that he had with me. He said that he would end welfare as we know it.

Chairman FORD. That is why I am bringing this up, because I watched that particular event.

Ms. NORTON. He would end welfare as we know it, or for single mothers, but would not end welfare as we know it for women who are separated and divorced. He actually said that in a debate with me. That is an unconscionable position. Children are children. Since he believes the purpose of welfare reform should be to end what he calls illegitimacy, he is focused on that issue and not on the children, who are the innocent bystanders in all of this.

So he would make a difference between single mothers and married mothers who happen to be separated or divorced. The racial impact of that, of course, is great, but the overall impact of that, I think, is an unconscionable and immoral position.

Chairman FORD. One final question and then I will yield to Mr. Matsui. Are the children who are born outside of marriage illegitimate kids?

Ms. NORTON. Well, the reason I think those words stopped being used is the devastating effect they had on children. I think that it is hard enough for a kid growing up without one parent, that to then put a name on the child that carries through in school and through to his own self-confidence, proved counterproductive so we stopped using it. I don't know why we want to bring it back in style now.

Chairman FORD. Are they bastards?

Ms. NORTON. Pardon me?

Chairman FORD. Are they bastards?

Ms. NORTON. That term was thrown out even by "illegitimacy."

Chairman FORD. I am leading up to what some of the witnesses will be testifying on, and I am just trying to get a——

Mr. MFUME. Mr. Chairman, if I might, I think even the most hardhearted individual will admit that they are creations of God. The mother does not do it, the father does not do it, it is the will of Almighty God. And so if a child is ushered forth, I think that in just basic respect to God that we not try to minimize the creation by suggesting that it is illegal or something else, and to recognize that it may be out of wedlock, but that we do a great deal of harm, if not severe harm, to the potential development of any child who becomes a person who then has to live in a society branded by a title that is un-Godlike, in my own opinion, and I think also suggests something that is not.

May I also say one other thing? Because I know that you must move on. This debate on welfare, which raised and raged long before any of us got here to the Congress and will go on for a long time afterward, is both provocative and evocative. And part of its evocation of ideas has brought with it, at times, a redaction of something that I think ought to be also a part of the record today.

No one is saying that every person who is on welfare is a person who is pure and pristine with great motives, because there have been documented instances and perhaps instances not so documented where there are some persons who, for other reasons, are on welfare and who are abusing the system. But we must not let the minority, a very small minority of persons, impact negatively on the ability, if not the right of the majority of persons, who are there through no fault of their own to be able to take advantage momentarily in their lives of a system that moves them from point A to point B, from sufficiency, from self-sufficiency onward to an era in their own lives where they are the kinds of people they want to be.

And the debate will continue to go on. It will continue to be provocative and evocative, but we have to be honest with ourselves about reform and what we really want to do in the process. So I thank both you and the members of this committee on both sides of the aisle who continue to look at this issue, who are serious about bringing real and meaningful change, who listen to the debates.

I mean, I would like to think that I am 100 percent correct on this issue, and that Ms. Norton is 100 percent, but we may be off and there may be other ideas that will suggest other things. But hear us in our totality and measure us against the facts and I guarantee you that the position that we advocate brings with it a great deal more weight and more substance than many of the positions that are being argued out of emotion, that are baseless in some respects, and do not take into account the democracy that we live in; that is a democracy for, by, and of the people, not just some of the people, but all of us, if we are to make the year 2000 and all those great years beyond the kinds of years that we feel good about as Americans by knowing that we have tried to do all that we could in our lifetimes to make this country better.

Chairman FORD. Let me yield to Mr. Matsui, after making the point that we would all concur with you about waste, fraud and abuse. I don't think there is any disagreement on either side of the aisle on waste, fraud and abuse.

Mr. MFUME. Absolutely.

Mr. MATSUI. I will be very brief, Mr. Chairman.

You see this is what is really troubling to me about this entire debate. You mentioned that we need to base this upon reality not upon myths or politics or whatever the case may be, and that is where I think my general frustration is. Because all the statistics, all the studies, all the research I have seen indicate that the real problem for many of these women is basically child care and health care and the ability to get a job that gives them a better life and pays more than by being on welfare.

And I mean, let us take the family cap issue for 1 minute. Now, unfortunately, when you keep talking about the family cap and encouraging States to impose a family cap on women on welfare, and obviously by doing this you punish the child, the message we are sending out here is that out-of-wedlock birth is a problem only among people on welfare. That is the message we are sending out. Because I don't see any great program coming out of HHS saying let us deal with the problem in a larger perspective, and Mr. Primus, who used to serve on the Ways and Means Committee, and was the staff director of the subcommittee here, just gave me some statistics.

There are 1.2 out-of-wedlock births a year, on the average, 1.2 million. Two hundred thousand are people on AFDC. And so we are talking about 1 million people not on AFDC that are having children. Only one-sixth of the entire out-of-wedlock population are on AFDC.

So all of a sudden we just focus on the AFDC recipients. But I don't see any effort to try to deal with the larger population and the larger issue of out-of-wedlock pregnancy. Every one of these issues, the family cap, the time limits, all of these are buzz words that actually inflame average, middle-class citizens who pay taxes to be against people on welfare. And I guess that is the frustration I have, and that is why I think the testimony of both of you is so critical to those of us who really want to deal with this issue in the correct way.

And I will conclude by making one further observation. I received yesterday from the Progressive Policy Institute a backgrounder dated July 22, 1994, and this is a group Bruce Reed used to be associated with. They critiqued my legislation. And on page 4 of this article, paragraph 2, the last sentence, it says two bills already embrace the President's approach, the Mainstream Forum welfare reform bill, led by Democratic Representative Dave McCurdy of Oklahoma, and the Republican leadership bill sponsored by Representative Rick Santorum of Pennsylvania. Representative Matsui's bill threatens to derail such a bipartisan agreement on reform.

And it seems to me what is happening here is that many of those who are pushing the President's bill are looking at a right-center coalition to pass welfare reform. Will you comment on that? Because, obviously, that kind of excludes some of us who may not be part of that coalition.

Mr. MFUME. Well, as someone who is usually not a part of that coalition, I just expect that it will always occur. Those are the dynamics of the political process. The key is to define the center, and so I usually worry about where the center is and not where the right is taking me. Because if I can tug in the other direction, then I have redefined the center, and I think that may be the challenge for those of us that are on the other side of this debate, if there is really another side.

Because, Mr. Matsui, I need to say to you I don't like this welfare system. I don't like dependency at all. And I don't like irresponsibility, and that is why I say to young men, do not come to me expecting to get the benefit of the doubt unless you show to me that you are responsible. That is the bottom line. It cuts both ways.

This system we have today is terrible. It breeds dependency and that is why it ought to be reformed more than any other reason is because it breeds dependency and it creates, as Ms. Norton said, an unfair system, then, for women who by no fault of their own have to go on it for awhile.

And I feel very strongly about that. So I don't want to suggest that the other side is one side and I am another simply because on certain issues we are opposed. I think there are many things that people will all agree on. Obviously, that is why we are moving toward reform. But it is a very difficult process, and I would hope that you would weigh, as the members of this subcommittee I am sure will do, the testimony of all of us and help guide us as a Congress toward putting out a bill that is in the best interest of all Americans.

Mr. MATSUI. I thank both of you.

Chairman FORD. Thank you.

Mrs. Johnson, who is a member of the full Committee on Ways and Means, was once a member here. We would like to welcome you back. We are delighted to have you. I know this has been an area of great interest to you over the years, Mrs. Johnson. I will recognize you at this time.

Mrs. JOHNSON. Thank you, Mr. Chairman. I appreciate your courtesy. I have just been interested in listening to my colleagues. I am particularly interested in teen pregnancy prevention provisions. I think everything in the President's bill is good. I don't think it is enough.

I don't think we are being tough enough or serious enough about the spectrum of motivation and getting at that problem and when you look at the lifelong implications of that kind of mistake, they are extraordinary. And I think we, as responsible adults, have an opportunity here to try to make welfare reform a little something extra—not just about job training and independence, but about prevention.

And that is why I am here, to listen to the testimony today, and I hope that we can avoid center-right coalitions or center-left coalitions and try to focus on the kids in America whose lives are really being destroyed by mistakes they are making as teens because we are not talking straight and we are not talking tough. I think they are equally important, straight and tough.

Mr. MFUME. There is an old adage that says I can't believe what you say because I see what you do, and oftentimes young people

look at the larger society and your transgressions and wonder why then they should not do them. Somewhere along the line as a society of adults we have to be honest about saying one thing and doing something else. Because it is understandable why the same mistakes are being made and I think it is only through the simple eloquence of our example when we put forth the kinds of examples that we really want emulated that we begin to see the kinds of change that is so desperately needed.

Mrs. JOHNSON. That is true. Thank you.

Chairman FORD. Let me thank you, Mr. Mfume and Ms. Norton, for your appearances before the subcommittee today and your testimony and your responses to the questions. Thank you very much for your leadership.

We have a colleague from New Jersey, Mr. Menendez, who will be the next witness. Are there other Members who—yes, come right on, Mr. Orton. We are going to recognize the gentleman from New Jersey, and after him we will recognize the gentleman from Utah, Mr. Orton. You may proceed.

STATEMENT OF HON. ROBERT MENENDEZ, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. MENENDEZ. Thank you, Mr. Chairman. I want to thank you for the opportunity to testify before your subcommittee. I was here the other day when we ended, and I heard a lot of the testimony, and I commend your staying power over the past several days.

And I want to commend you for the many years you have worked on this issue. Your hard work has touched the lives of many Americans across the country, and has made them better and I believe this process is going to, hopefully, make it even better.

Welfare reform is an issue of great concern to my constituents. Historically, the first American home of a generation of immigrants, the 13th District in New Jersey, which includes the State's three largest cities, Newark, Jersey City, and Elizabeth, respectively, is a district that is racially and ethnically diverse.

We share with many urban areas high rates of poverty and unemployment, which is presently 10.5 percent in some parts, and even higher in other parts of my district. My constituents have special strengths to offer this Nation; the courage that brought them and their families to these shores, a desire to work for a better future for their children and, in many cases, a knowledge of two or more cultures and languages.

Now, I have heard on a couple of occasions that I have been here, preparing and waiting to testify, a wide spectrum of issues that have been discussed on the question of welfare reform. I don't come here with a wide spectrum of reviews. I do come with two areas that I have dealt with as a former urban mayor, as a State senator, and as someone who dealt with an employment and training commission for the State of New Jersey. I want to touch on those two areas in the context of your overall reform efforts.

In that context, I think that the reform of our welfare system should help needy families survive while capitalizing on their strengths, and, in particular, we must make welfare services, whatever we determine them to be ultimately, work well for families

and strengthen child support enforcement to enable those on welfare to ultimately move out of poverty.

To make welfare programs work better for our families, I will shortly introduce the Family Service Center Act of 1994. The legislation authorizes grants to create modern one-stop family centers where welfare families have access to all the services and information they need to become self-sufficient. These centers, in urban, rural and diverse neighborhoods, would give each client a single neighborhood access point to a broad range of programs, with a counselor who would look at that person's overall needs in a holistic way, with a view toward self-empowerment and ultimate independence.

The centers would use electronic data processing and communications technology to help serve their clients. Most welfare mothers with young children have no car, no child care, no work experience, and a poor education. To stay fed, housed, and healthy they go from office to office, stand in line after line filling out forms, and asking and answering questions about AFDC, food stamps, JTPA, education, training and other programs.

Streamlining the delivery of these services will not only eliminate barriers to gainful employment and independence, while preserving self respect and dignity, it is also a more cost-effective and efficient way for us to provide these benefits.

Working Americans have welcomed changes that cut the hassles of shopping, banking and traveling. We have neighborhood ATMs, voice mail, credit cards, automatic reservation systems. We need to use the American genius to get better service to welfare families and cut the cost of those services at the same time. This will help needy families get on with the job of getting jobs and become financially self-sufficient.

Second, and I know you have heard a lot of testimony on this, so I will paraphrase it and ask that the rest of my testimony be included in the record—I know you have several panels—is the question of rigid enforcement of child support orders. I think it is vital to whether or not a single parent can move off of welfare.

And it is very easy to—as a parent of two children, it is very easy to father a child. It is much more difficult to go through the process of being responsible in a wider range for their upbringing, including the economic responsibility to those children.

I think that effective enforcement of child support orders, something I dealt with back in the State of New Jersey, will mean fewer children will go hungry, fewer children will lack appropriate clothing, and fewer children will join the ranks of the homeless. Each collection makes a substantial difference to a family living in poverty.

And in cases like ours, in New Jersey, where the State agency is the collection process, the results are encouraging. In New Jersey, for example, the average annual collection in 1992 was $3,255. Greater investment in our system also yields rewarding results. In my home State, over $4 of every child support payment is collected for every administrative dollar spent. I think that is a pretty good ratio.

We look forward to being supportive of provisions that would create a National Registry of Orders, establish caseload standards, au-

thorize wage garnishment and seizure of other forms of income, and prohibit the issuances of State licenses to applicants who have overdue child support obligations, as some of the provisions that we think can make child support enforcement much more of a reality. There is a lot of money out there and a lot of responsibility that is due.

Those are two of the areas, Mr. Chairman, that we look forward to working with you on. I heard you ask the question to others, and I will just end on that note. You asked one panel, if we have no other welfare bill, which I would hate to see because I would love to see a holistic approach to the problem, do you support having child support provisions in the legislation going forward? And my answer to that would be yes, but I hope to God that is not the ultimate conclusion.

And, last, on the question of jobs, as I travel throughout my district, which has a high degree of welfare recipients in Booker T. Burgen, Lafayette, Montgomery, Gateway projects and others, I hear the same thing Mr. Mfume told you. They don't ask me for a handout; they want a hand up. They want a job; they want employment. And that is what I hear time and time again whenever I travel to their homes.

I stood up at a townhall meeting in a diverse part of my district and said, when asked, that most welfare people simply do not want to be on the system. They want to move off, they want to have independence, they want to have employment, and they want to regain the dignity in this process. My response rose some very deep passions in some, but that is what I believe. Most of the people I serve, and most people generally on welfare, do not want to be there. They want to seek their independence. They want to regain their dignity. And I think it is our obligation to help them to do it.

[The prepared statement follows:]

THE HONORABLE ROBERT MENENDEZ

13TH DISTRICT, NEW JERSEY

TESTIMONY BEFORE THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON HUMAN RESOURCES

JULY 27, 1994

Mr. Chairman, thank you for this opportunity to testify before your subcommittee on welfare reform. I commend you for the many years you have dedicated to this issue. Your hard work has touched the lives of many Americans across this country, and made them better. I look forward to working with you and the other Members of the Committee to improve our current welfare system.

Welfare reform is an issue of great concern to my constituents. Historically the first American home of generations of immigrants, the 13th district is racially and ethnically diverse. We share with many urban areas high rates of poverty and unemployment. My constituents have special strengths to offer this nation: the courage that brought them and their families to these shores, a desire to work for a better future for their children, and in many cases a knowledge of two or more cultures and languages.

The reform of our welfare system should help needy families survive while capitalizing on their strengths. In particular, we must make welfare services work well for families and strengthen child support enforcement to enable those on welfare to move out of poverty.

To make welfare programs work better for our families, I will shortly introduce the "Family Service Center Act of 1994." This legislation authorizes grants to create modern one-stop family centers where welfare families have access to all the services and information they need to become self-sufficient. These centers in urban, rural, and diverse neighborhoods would give each client a single neighborhood access point for a broad range of programs. The centers would use electronic data processing and communications technology to serve their clients.

Most welfare mothers with young children have no car, no child care, no work experience, and a poor education. To stay fed, housed, and healthy, they go from office to office, stand in line after line, filling out forms, and asking questions about AFDC, Food Stamps, JTPA, education, training and other programs. Streamlining the delivery of these services will not only eliminate barriers to gainful employment and independence while preserving self-respect, it is also a more cost-effective and efficient way for us to provide these benefits.

Working Americans have welcomed changes that cut the hassles of shopping, banking, and traveling. We have neighborhood ATMs, voice mail, credit cards, and automatic reservation systems. We need to use the American genius for good service to give better service to welfare families and cut the costs of services at the same time. This will help needy families get on with the job of getting jobs and becoming financially self-sufficient.

Secondly, rigid enforcement of child support orders is vital to whether or not a single-parent can move off welfare. Our current system of enforcement fails the majority of families - less than one-third of all custodial parents receive regular child support. The effects of this statistic are tragic - seventy-five percent of all American children growing up in single-parent families will live in poverty at some time during their first ten years.

Effective enforcement of child support orders will mean fewer children will go hungry, fewer children will lack appropriate clothing, and fewer children will join the ranks of the homeless.

Each collection makes a substantial difference to a family living in poverty. In cases where child support is collected by a state agency, the results are encouraging. In New Jersey for example, the average annual collection in 1992 was $3,255.

Greater investment in our system is necessary to improve our poor enforcement record. The results can be very rewarding. In my home state of New Jersey, over $4 of child support is collected for every administrative dollar spent. An investment in our enforcement system is an investment in our children.

We must seize the opportunity welfare reform provides us to strengthen our current child support system and reduce the incidence of child poverty. In the very near future, I will be introducing a proposal which will include provisions to create a national registry of orders, establish caseload standards, authorize wage garnishment and seizure of other forms of income, and prohibit the issue of State licenses to applicants who have overdue child support obligations.

In closing, by making the services we provide welfare families more efficient and "user-friendly," and by improving our child support enforcement rate we will help many Americans currently on welfare become self-sufficient and rise above poverty.

Mr. Chairman, once again, I appreciate this opportunity to appear before the subcommittee and I look forward to working with you on this vital issue.

Chairman FORD. Thank you very much.
Mr. Orton.

STATEMENT OF HON. BILL ORTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF UTAH

Mr. ORTON. Thank you, Mr. Chairman, and members of the committee. I would ask that my statement be included in the record and then I would like to just visit with you for a few minutes about a bill which I have recently submitted, H.R. 4793, which I would encourage my colleague who just spoke to look at, because I think this bill does everything you just mentioned that you would like to see done.

It has been suggested that our welfare system is in cardiac arrest. I would suggest to you that it died long ago and the body has been filled with embalming fluid. The system simply does not work. It is filled with reverse incentives. The system is a failure by any test: Politicians do not like it, taxpayers do not like it, and recipients do not like it.

The bill that I have submitted is patterned after the single parent employment demonstration program, which has been functioning in the State of Utah for 18 months. This program has worked. Sixty-five percent of the welfare recipients who have entered this program have left the program with a job. AFDC grant costs have been reduced by over 25 percent in the last 18 months. This program is working.

Essentially, what the program does is when the person walks into the office, they are assigned a counselor who sits down with them. The first thing they do is have the recipient prepare a self-sufficiency plan which identifies how that recipient is going to get off of welfare. And all of the things that are necessary to accomplish that self-sufficiency plan are outlined.

All of the forces, all of the assistance programs of the State and Federal Government are coordinated together to provide this person with additional training, if that is what is necessary, to update skills if that is what is necessary, to help them identify job opportunities, to teach them how to fill out resumes, help them prepare resumes, help them go out and go through the interview process, and once they get a job, they are not then abandoned.

The earned income disregard amounts are increased so that there is an incentive for working, and participants can actually keep some of the money they earn in that job until they get to the point where their earnings are beyond the amount that they are eligible for AFDC. The asset limitations can be increased so they can have a car sufficient to get them back and forth to work.

The State, if they adopt this program, would be required to provide assistance for child care and health care for the person until they are no longer eligible for benefits, and so all of the things necessary to help that person get the job, survive on the job and progress into that job, until they are self-sufficient, are combined into this program.

This program, as I have proposed it, would be available for States to choose as an option. They would not have to adopt the program, but they could adopt the program. The reason I believe we need to put this in legislation, and the reason they cannot just

adopt the program today, is because my State had to obtain 46 separate waivers in order to operate this program. Under this bill, we waive those items automatically through the bill and allow the States to operate this program.

There are some other options I would put into it. This program was designed just for single parents. I would give the States the option to use it with two-parent families as well, but both parents would have to then be participating in a self-sufficiency plan. There is no reason we should destroy a two-parent family before they are eligible to receive any assistance from the government.

It also allows for one-time diversion payments. Many people who find themselves in a crisis situation would not necessarily have to go on AFDC if they could have some temporary assistance to get them through that crisis. So there is an allowance for a temporary diversion payment. If they actually end up being on welfare, then that diversion payment is reduced from ultimate benefits that they are allowed to receive. But this has helped keep people off the welfare system.

In short, I would like to refer you to my testimony. There are a number of alternatives in here that States could adopt. But in short, this system is working. It is working in Utah, has been working for 18 months, and the beauty of this plan is that it can be adopted as a part of or in concert with any other welfare reform that this committee chooses to adopt. It does not contradict any. It simply allows the option for States to choose a program that is working.

And with that, I would be happy to answer any questions that you might have about the program in Utah or this particular bill.

[The prepared statement follows:]

STATEMENT of REP. BILL ORTON
The Committee on Ways and Means
Subcommittee on Human Resources
July 27, 1994

MR. CHAIRMAN, Mr. Santorum, thank you for allowing me to testify before the subcommittee today regarding H.R. 4793, the Self-Sufficiency Act.

There are very few things that more people agree upon than the idea that our welfare system is a failure. No one likes it. Taxpayers don't like it, politicians don't like it, and most of all -- welfare recipients don't like it.

Our welfare system often provides people who choose not to work with a better deal than those who choose to take a job. We need to create a system where work is not penalized, and where the logical choice for parents is to work to provide for their children.

We in Congress should also base our debate on approaches to reform that have already proven successful in meeting that goal. We should not rely on stereotypes and demagoguery to determine the course of reform.

The Self-Sufficiency Act is based on the success of the Single Parent Employment Demonstration Program in Utah. In just a year and a half, AFDC grants under this program have decreased by almost 25%. The best part is that the decrease in the number of participants is due to success in assisting people in finding jobs that exist in the labor market.

The Self-Sufficiency Act uses a common sense approach to welfare that provides assistance to participants who are working toward self-sufficiency, promotes work, and gradually phases out benefits to those who have chosen not to participate in a self-sufficiency plan. Moreover, it can be used in conjunction with most, if not all, of the other welfare reform proposals currently being considered.

The self-sufficiency approach requires every participant to negotiate a self-sufficiency plan with a caseworker. Each plan specifies an employment goal. Under this approach, participants will have 25% of benefits reduced for the first month and a gradual complete phase-out of benefits over the course of two years if they do not follow their self-sufficiency plan.

States that choose to use the self-sufficiency approach to welfare will automatically adopt a system that eliminates needless and burdensome regulations. These states will coordinate the education and job training efforts for participants in the self-sufficiency program with all of the similar programs that already exist in the state. Also, states adopting this approach will be reviewed under performance standards based, at least in part, on the number of participants who become ineligible for AFDC due to earnings.

Once a state receives approval to use the self-sufficiency approach, it must phase-in 25% of the state recipients at the end of three years, 50% at the end of five years, 75% at the end of eight years and 100% at the end of ten years. This is an important provision since states choosing the self-sufficiency approach are making a commitment to changing their welfare system from a check writing system into a system that helps people become self-sufficient.

In addition, states adopting this approach will be free to choose from a selection of programmatic changes in the Aid to Families with Dependent Children (AFDC) program.

I would like to outline some of these options for you:

-- States that adopt the self-sufficiency approach may choose to increase the earned income disregard up to 50%. This provision goes a long way to "making work pay."

-- States may choose to provide assistance to two-parent families according to the same eligibility rules as applied to single parent families - as long as both parents develop and follow a self-sufficiency plan. I believe this is a crucial change in the system that ensures that a family will not have to break up in order to receive welfare.

-- States may choose to increase asset limitations up to from $1000 to $2000, and vehicle asset limitations up to $8000. This allows people to have cars they can depend upon to get them to work.

-- They may provide one-time diversion payments, equivalent to three months of the AFDC benefit for which the family would have been eligible, to prevent families from coming onto the welfare roles when facing a temporary crisis. This amount would be subtracted from the family's benefits should they later enter the welfare rolls.

-- States may choose to maintain a constant AFDC benefit level for families that have additional children while receiving AFDC. This is a controversial provision that is currently being tested in several states and is included as an option in the President's welfare reform plan.

These and other options provide states with tools they need to create a welfare system that is worker-friendly.

Many of the other reform plans that are on the table right now are based on controversial assumptions. For example, while a two-year time limit sounds like a good idea, there are serious concerns about where this approach will lead. Some worry that this could lead to the creation of a massive public works program. Others are concerned about creating a large population of innocent homeless children.

This bill provides an alternative for those states that have reservations about other welfare reform proposals, and it allows states to enjoy the flexibility they deserve in crafting a welfare reform plan that meets the needs of their population.

Amazingly, *44 federal government waivers* had to be approved before the Single Parent Employment Demonstration program could begin using this approach to welfare. Other states seeking to improve upon the current system have encountered similar obstacles.

This plan allows states to forgo the red tape and get on with helping people enter the labor market. The Self-Sufficiency Act gives other states the option to follow the lead of many innovative programs in implementing an effective welfare system.

I am very optimistic about introducing this approach to welfare to the national debate and I will gladly answer any questions you have regarding the Self-Sufficiency Act.

- - -

Chairman FORD. Thank you very much. Do you have a copy for the committee?

Mr. ORTON. Certainly. It is H.R. 4793.

Chairman FORD. What I would like to do is not to make it a part of the record, but to have a copy of it for the committee, if you don't mind. That way, members can review the Utah plan.

Mr. ORTON. And any other information that you may want on the Utah plan, any statistics, information, anything, we would be happy, and the State of Utah would be happy to help us and submit that to the committee for your investigation.

Chairman FORD. Thank you very much.

Mr. Matsui.

Mr. MATSUI. I will be very brief, Mr. Chairman. I would like to thank both the gentlemen for their testimony today. I think it is very, very important.

Bill, I would like to look at your bill, because we have three pilot projects in Sacramento County. One of them is at Del Paso Heights and another is at New Helvetia and then a third one in Oak Park, which are basically low-income areas of Sacramento County, two in my district and one just outside of the district. And the experimental program tries to deal with some of these issues through the development of a coordinated integrated system.

At New Helvetia, for example, the county is able to integrate services because the program is located at a large housing unit for low-income residents. And when a person goes into the unit, they do an intake. They stay with them when they are on the job. It is new, so we do not know what the exact results will be. But I think it is a very innovative approach. And as you say, it is something that can be coordinated with whatever program ultimately is adopted. So I appreciate this very much.

Mr. ORTON. I might just add, this program has been operating for 18 months in three different parts of the State of Utah. Part of it is in urban Salt Lake County, in a very low-income area. So you have an urban setting. But the two other areas are rural. One is in Roosevelt, Utah, part of which—in Roosevelt you have an Indian reservation. The other is in Washington County, which is the St. George area, which is a very rapidly growing resort type community, but still has a lot of low-income individuals and so forth.

So they have chosen three very different parts of the State with different types of communities and it is working in all of those communities.

Mr. MATSUI. And the funding you are using in terms of the training and whatnot, and also job search, is that through the JOBS program, the 1988 bill?

Mr. ORTON. A portion of it is coming from existing JOBS programs. Other portions are coming by coordinating State and Federal programs that are available.

Mr. MATSUI. Now, has your State gotten a waiver for projects like the family cap or time limits? Is that included in there?

Mr. ORTON. What we have in here is an option for the States to apply a family cap if they choose. Our State did get a waiver and has a family cap provision in it, I believe. Is that—oh, OK, our State did not. We propose it in this plan, but our State did not get a waiver.

Mr. MATSUI. But your State itself, the program that currently exists outside of the legislation does not at this time have a family cap?

Mr. ORTON. It does not have a family cap.

Mr. MATSUI. Does it have a time limit?

Mr. ORTON. It does not have a time limit on the amount of time people are eligible to participate in the program. It does require them to identify a self-sufficiency plan. It recognizes some people's plan may take 6 months. Others may take 4 or 5 years in order to reach self-sufficiency.

We do propose a cap for those people who refuse to participate in the plan. They would be phased out of benefits over a 2-year period of time, if they will not participate in this self-sufficiency plan.

Mr. MATSUI. Now, this would be—in other words, you received a waiver on that? Because it would seem to me you would have to have received——

Mr. ORTON. That is not part of the Utah plan. That is in our bill as a proposal, that States could do that.

Mr. MATSUI. Because, under the current Utah plan, there is a provision that some may require 3 or 4 years, as you were saying, so they do not have a time limit on them.

Mr. ORTON. That is correct. But over the last 18 months, many of the people who entered the plan have left the plan and are now out in jobs.

Mr. MATSUI. I would hope that both of you, Bill and Bob, would look at the legislation that I have introduced, because I think it is very consistent with where you are. It does not have time limits, but it has many of those other aspects. It beefs up the JOBS program, and it has a great deal of funding in there for the day care programs as well.

One statistic. I think you all know this, but it is very interesting. In the first 24 months of a person being on welfare, 70 percent of them leave welfare. But the problem is that they come back, many of them come back into the welfare system because they do not have adequate day care, Medicaid runs out after 1 year, so they are really caught in a bind, particularly if they work for a small employer who does not carry health insurance. So it does create a problem for them and that is why I think you get people coming back onto welfare.

But I think your ideas are very innovative and I appreciate them.

Mr. MENENDEZ. If I may, one of the things we want to do is provide people with a holistic approach, so that the 70 percent of people who go off welfare and come back, can stay off for good. Only then have they been able to truly empower themselves.

I have spent time, back when I was mayor and then at our county level, in many welfare offices. In our system, someone must go from A, to B, to C, to a different department, to a different agency. Some people have very many difficulties on their own. They are struggling against some very difficult situations, and this bureaucratic maze just makes it all the more difficult for them to attain the goal of self-sufficiency. That is what we want to avoid.

If we can offer these services holistically, in one place, we will save money, make it more dignified, more efficient, and we will reach the goals we are all trying to reach.

Mr. MATSUI. It is really amazing the kinds of things that you and I and everyone else who has a job and lives in a reasonably safe neighborhood take for granted.

Over the July 4 recess I visited one of the centers and one of the women had just started to work, and she was really excited. She had gone through a community college for 3 years and finally found a job. And she had just moved there, into this program, about 3 or 4 months ago and she said she could not have done it where she was living before, because her work requires her to come home about 1 o'clock in the evening, and the public housing facility where she lives has 24-hour police protection. There are two police officers on duty at all times, and her bus stops about 1 block away from where she lives, and she says she feels safe when she gets off the bus.

She could not have done it in the other neighborhood she lived in. And we do not even think about those things as being factors, and the holistic approach is obviously very critical to all of this. I thank both of you for your testimony.

Chairman FORD. Let me thank the Members very much for their testimony and their responses to the questions. Thank you very much.

We are going to call our first panel now. We have two teen parents, participants from the Guide Family Support Center in Prince Georges County, Ms. Perry and Ms. Jackson. Ms. Perry, would you please come up, and Ms. Jackson.

Now, you are Ms. Jackson.

Ms. JACKSON. Jackson.

Chairman FORD. Is Ms. Perry here?

Mrs. WASHINGTON. Ms. Perry is not here. I am Mrs. Washington, the director of the Guide Family Support Center.

Chairman FORD. Mrs. Washington, give me your full name.

Mrs. WASHINGTON. Patricia Washington.

Chairman FORD. Patricia Washington. OK.

And I would like to have Ms. Davis, who is executive director of the Florence Crittenton Services of Baltimore, to come to the witness table; and also Ms. Showell, who is the associate executive director for Families First of Atlanta, Ga.

We welcome all of you to the committee. Thank you very much for being so patient and waiting to testify. I am delighted to have you here, and certainly we look forward to hearing from you.

Ms. Jackson, I want you to feel very comfortable. We want to hear from you. Just relax and be at ease. We welcome your testimony. However you want to handle the testimony is up to you, Mrs. Washington.

Mrs. WASHINGTON. OK. I didn't come prepared to testify, but I just would like to introduce Ms. Jackson and any questions that you might have, I will be happy to address. She is a part of our family support center program in Prince Georges County, and I will just introduce Lukisha Jackson.

Chairman FORD. Ms. Jackson, you are recognized at this time.

STATEMENT OF LUKISHA JACKSON, TEEN PARENT PARTICIPANT, GUIDE FAMILY SUPPORT CENTER, PRINCE GEORGES COUNTY, MD., ACCOMPANIED BY PATRICIA WASHINGTON, DIRECTOR, GUIDE FAMILY SUPPORT CENTER

Ms. JACKSON. I am just reading something I wrote down.

Chairman FORD. That will be just fine. However you want to do it, just feel comfortable and just do it.

Ms. JACKSON. My name is Lukisha Jackson. I am a 20-year-old mother of a 4-year-old and a 2-year-old. I became pregnant with my first child at the age of 16. I was in the 11th grade of high school.

As an expectant teen parent, I took a teen parenting class at my school. In this class I was introduced to Guide Family Support Center while I attended the teen pregnancy support group. I went on to graduate from high school in the top 5 percent of my class and as a member of the National Honor Society because I was determined not to let having a baby stop me.

The teen parenting class and the guide program helped me become a good parent and provided emotional support. I enrolled in the University of Maryland the following fall and during my freshman year, I became pregnant with my second child. Up to this point I did not receive public assistance, however, I found it necessary to apply for public aid because I was attending school full time and I needed help to support myself and my children while I continued my education.

I am now entering my fourth year at the University of Maryland. To me, welfare is a temporary means of support until I graduate from college and can get a job.

I believe teenagers have babies for a variety of reasons, such as needing love, rebelling against authority, and to feel grown up. However, I feel that the overlying reason is because it is accepted by society.

Our mothers, fathers, teachers, even our ministers and especially our peers and including the government accept that American teenagers are producing babies faster than any other country. As for me, I knew about birth control, but getting pregnant, I felt, was not a serious issue. If I got pregnant, it would be accepted.

I don't think that you can prevent teen pregnancy, because it is already an accepted way of life for many, however you can invest in our futures and the futures of our families by allowing us to receive an education and to obtain jobs. I have made maximum use of the services available to me, such as education, child care and family support programs.

Chairman FORD. Thank you very much, Ms. Jackson. I am going to come back to you with some questions, but let me make sure that I understand your testimony.

You were in the 11th grade, and you joined what you said was a parenting class at your school. And when you delivered the baby, did you seek public assistance, AFDC?

Ms. JACKSON. No.

Chairman FORD. What assistance did you seek?

Ms. JACKSON. None, until I had my second child.

Chairman FORD. Until you had your second child. And you were how old when you had your second child?

Ms. JACKSON. Eighteen.

Chairman FORD. Had you graduated from high school at that time?

Ms. JACKSON. Yes. I was a freshman in college.

Chairman FORD. You were a freshman in college and then you applied for AFDC.

Ms. JACKSON. Yes. I was attending school full time so I needed——

Chairman FORD. Right. Are you still receiving AFDC?

Ms. JACKSON. Yes. I have not graduated college yet.

Chairman FORD. You are a senior at the University of Maryland; is that correct?

Ms. JACKSON. Not quite, but——

Chairman FORD. The fourth year.

Ms. JACKSON. Not quite, but the fourth year.

Chairman FORD. I will come back to you. I just wanted to make sure I understood that in order to formulate my questions.

Ms. Davis, you are recognized at this point.

STATEMENT OF ANNE SHERVINGTON DAVIS, EXECUTIVE DIRECTOR, FLORENCE CRITTENTON SERVICES OF BALTIMORE, INC.

Ms. DAVIS. Good morning, Chairman Ford and members of the subcommittee. I am Anne Shervington Davis, executive director of the Florence Crittenton Services of Baltimore, Inc. I am delighted to be here with you today to talk about adolescent pregnancy and childbearing and to discuss strategies, including President Clinton's proposal, to prevent adolescent childbearing. I hope that my comments will assist you as you write welfare reform legislation in the coming weeks.

Florence Crittenton Services of Baltimore is an agency that is 99 years old, and provides a full spectrum of services to not only pregnant and parenting teens, but to nonpregnant adolescents as well. It is an agency that serves in total 38 adolescents—I am sorry, 32 adolescents and 6 infants. Our services include intensive therapy, individual, group and family therapy, as well as a fully accredited school ongrounds, prenatal care, health care, employment and training, and we emphasize nutrition.

The teens who come to us are basically those who are in the foster care system, because that is the only funding mechanism in our State to be reimbursed for out-of-home placement. So all of the teens, whether they are pregnant or parents or not are foster children.

We are aware that the United States has the highest teen pregnancy rate of all industrialized countries, as has been stated before. Every 31 seconds, an adolescent becomes pregnant and every minute an adolescent gives birth. Any effort to alleviate the problem of teen pregnancy will require a sustained, coordinated commitment to a comprehensive, incremental long-term program.

Combating teen pregnancy must involve the mobilization of an extraordinarily broad and diverse range of resources: Families, religious groups, media, community and neighborhoods, parent-teacher organizations, particularly the business community and public and

private agencies in the areas of health, education, social services, employment and training.

The main focus in the effort to prevent teen pregnancy must be in the realm of individual family responsibility; increased access to family planning information, services for sexually active teens, and a stronger emphasis on increasing life options through greater community and government efforts to enhance educational attainment and employment opportunities.

For too many high-risk teens, there are few economic disincentives to childbearing. Poor employment prospects and inadequate basic skills add to the difficulties high-risk youths have in weighing carefully the adverse consequences of teen parenting.

While the evidence on the relationship between AFDC and teen pregnancy does not show that teens get pregnant to receive welfare benefits, and I think that Congressman Mfume really emphasized that piece, research does show that the availability of welfare does influence decisions to remain unmarried.

In order to change the behavior of high-risk teens, we must institute a program of economic incentives for high-risk teens who stay in school and who avoid teen parenting. Youth development programs work toward preventing adolescent pregnancy by promoting responsibility.

Youth development programs yield positive results because they focus on multiple facets of young people's lives over a continuous period of time. For youth development programs to have a significant impact in preventing adolescent pregnancy, however, they must include family life and sex education programs coupled with medical and health services. These should include mental health services.

The administration's teen pregnancy preventive initiative under President Clinton's welfare reform plan proposes to conduct a new national campaign to prevent teen pregnancies by establishing a nonprofit, nonpartisan, privately funded entity that encourages all segments of society to join the efforts to reduce teen pregnancy. I believe that such an entity is needed, but that it should be within the Federal Government, not outside of it, in order to ensure the credibility to address the crosscutting issues among various Federal agencies and programs, and to guarantee that national goals concerning teen pregnancy are developed and accomplished.

The problem of teen pregnancy demands a high priority, high level, high government office, with coordinating responsibilities and with its own core staff. The entity's goal should include fostering community information and education, coordinating data collection and analysis, and developing policy and program initiatives.

The entity should also ensure crucial linkages among major departments of the Federal Government. It should assist in resource development and technical assistance to State and local governments and agencies. It should develop and monitor the long-term strategies that are prerequisites for progress in combating teen pregnancy.

Another administration proposal is the development of a grant program that provides funds for schools and communities to develop comprehensive adolescent pregnancy prevention programs, which I find commendable. Although community organizations

need new funds to develop teen pregnancy prevention programs, they lack the financial resources to implement these programs. This grant program would provide the seed money for such programs.

I recommend that the grant funds be aimed at high-risk youth, those who are in out-of-home care, such as in foster homes or homeless or are in employee placements such as my own. According to several studies, compared to their counterparts, young people in foster care more likely are to have had sexual intercourse, are twice as likely to have been pregnant, are less informed about human sexuality and birth control, and are less likely to have used contraceptives during their first intercourse.

Priority for the grant program should be made for at-risk youth and the siblings of teen parents. Research has shown that these populations are the most at risk for early childbearing, yet they receive fewer services.

The President also proposes to require most teen parents to live with a parent. However, the Child Welfare League of America's survey of Florence Crittenton agencies across the country, done this spring, suggests that forcing teen parents and their children to return to a parent's home without proper safeguards could place many children at severe risk of physical or sexual abuse.

The CWLA survey of Florence Crittenton agencies across the country found that about 62 percent were estimated to have been abused or neglected by a caregiver; almost 64 percent were estimated to have had at least one unwanted sexual experience; about 50 percent of those, independently, would, in the opinion of those agencies which serve them, be placed at risk of physical or sexual abuse if returned to their own families.

The high prevalence of abuse by caregivers indicates that most of the adolescent mothers served by Florence Crittenton agencies across the country come from unsafe homes. The agency staffs know these young women quite well. The report in the CWLA survey that 50 percent would be at risk of abuse if returned to their home, suggests for the Federal Government to impose such a requirement in order to receive welfare would be detrimental to thousands of the young women we serve. It would force many adolescents to choose between seeing their children go hungry or homeless and putting both themselves and the children again in danger.

Before this provision is mandated nationwide, research should be conducted to evaluate not only the utility and efficacy of the programs in place, but also why the majority of States have shunned the option. If a teen parent residency requirement program is implemented, we must ensure that young parents do not return to abusive or otherwise unsafe households; that exceptions are made when such a requirement makes no sense for a particular family; and that teen parents' special needs for intensive case management are addressed.

I have a few additional recommendations. I am concerned about the male population. The President's proposal does not address this. And I feel that for too long programs have been aimed at only the young woman with exclusion of a young man. We need programs that go beyond the paternity establishment and condom distribution. The young men also need to understand their respon-

sibility, to gain knowledge, and to have access to family planning services. They must also learn to communicate with young women in a respectful manner.

One of the most effective ways to prevent teen pregnancy is through comprehensive reproduction health services. Also a program that emphasizes educational, along with medical and counseling services. Such a comprehensive program would provide for the advocacy of abstinence from sexual activity.

And I might add here that this is something we really preach. We start with that: Learning how to say no. Title XX of the Public Health Service Act provides funding to family services, family planning clinics. The majority of title XX parents or patients are low-income women and approximately one-third of those are teenagers. However, only a small percentage of teens who want and need family planning services find them available to them.

I feel that title XX should be expanded and there should be additional funding with a proportion earmarked specifically for adolescents. And they should be more accessible to adolescents, I am sorry, in adolescence. By that I mean in shopping malls, recreation centers, schools and where teens gather.

An additional recommendation is that family life education in schools be a vital part of the components to combat and prevent teen pregnancy. Research demonstrates that comprehensive family life education programs that teach sexuality education, including delaying sexual involvement, social skills, refusal skills, and comprehensive information about contraceptives have a very positive effect. Yet fewer than 10 percent of American schoolchildren receive any kind of comprehensive family life education. Only 17 States require comprehensive family life education and 30 others encourage it.

Creative approaches to family life education are severely needed. Increased involvement of students and their parents in planning and review of the curriculum is very important. In addition, adequately trained personnel should teach the courses.

Mr. Chairman, this concludes my testimony.

[The prepared statement follows:]

TESTIMONY OF ANNE SHERVINGTON DAVIS
FLORENCE CRITTENTON SERVICES OF BALTIMORE, INC.

Chairman Ford and members of the Subcommittee, I am Anne Shervington Davis, Executive Director of the Florence Crittenton Agency of Baltimore. I am delighted to be with you today to talk about adolescent pregnancy and childbearing, and to discuss strategies, including President Clinton's proposal, to prevent adolescent childbearing. I hope that my comments will assist you as you write welfare reform legislation in the coming weeks.

Investing in the future by providing comprehensive services which yield positive, concrete outcomes for individuals and our communities is the hallmark of Florence Crittenton agencies. For 111 years, the Child Welfare League of America's (CWLA) Florence Crittenton agencies have responded effectively to the changing needs of women, children, and families. More than 700,000 young women have been served by Florence Crittenton agencies since 1883.

The 23 Florence Crittenton agencies operate a full spectrum of fiscally sound programs to address the most basic of human needs -- housing, child care, education, health care, employment and training, counseling and nutrition for pregnant and parenting teens and their children. The young people served range in age from 10 to 21. Each of the services is designed to offer the opportunity for individuals to preserve and maximize their options in life by developing the skills required for economic independence, self-sufficiency, and long-term family stability.

During 1993, Florence Crittenton Services of Baltimore provided educational programs to approximately 75 adolescents. Our continuum of education services includes preparation for General Equivalency Diplomas (GED) and high school diplomas. All of the participants enroll in education programs during their stay. Of the senior students, 2 graduated from high school, 3 received their GEDs, and 1 received a four-year scholarship to a private college.

Florence Crittenton's health services include health screening and referrals, health education, nutrition, and exercise classes. These comprehensive services have resulted in a dramatically lower prematurity rate, a higher birth weight for newborn children and a generally positive health status among families participating in Crittenton's programs as compared with the general population.

Through our Mothers and Infants residential program, young mothers and their infants are housed, successfully making the transition from homelessness to permanent housing and self-sufficiency. Our employment and training program provides young women with basic skills to enable them to find and keep jobs and become independent. In addition, this is the first year for the Living Classroom Program, where young women are learning the construction trade.

Not only Florence Crittenton Services of Baltimore but all of CWLA's Florence Crittenton agencies offer services that address the basic needs of individuals and families and the underlying causes of poverty, and that benefit each community and society as a whole.

FORMULATING A NATIONAL RESPONSE TO TEEN PREGNANCY

Improved efforts to prevent teen pregnancy are crucial to help young people stay healthy and in school, and reduce poverty, HIV/AIDS cases, and dependence on government assistance. The United States has the highest teen pregnancy rate of all industrialized countries. Every 31 seconds, an adolescent becomes pregnant, and every minute an adolescent gives birth.

Any effort to alleviate the problem of teen pregnancy will require a sustained, coordinated commitment to a comprehensive, incremental, long-term program. There are no easy answers or quick fixes. The need for much stronger coordination at the national, state and local levels, has been consistently demonstrated. Combatting teen pregnancy must involve the mobilization of an extraordinarily broad and diverse range of resources -- families, religious groups, media, community and neighborhood groups, parent-teacher associations, the business community and public and private agencies in the areas of health, education, social services, and employment and training. Beyond increasing public awareness and mobilizing public and private resources, there must be sustained and coordinated planning, program and policy development, service delivery, and monitoring.

The main focus in the effort to prevent teen pregnancy must be in the realm of individual family responsibility, increased access to family planning information, services for sexually active teens and a stronger emphasis on increasing life options through greater community and government efforts to enhance educational attainment and employment opportunities.

For too many high-risk teens, there are few economic disincentives to childbearing. Poor employment prospects and inadequate basic skills add to the difficulties high-risk youths have in weighing carefully the adverse consequences of teen parenting. While the evidence on the relationship between AFDC and teen pregnancy does not show that teens get pregnant to receive welfare benefits, research does show that the availability of welfare does influence decisions to remain unmarried. In order to change the behavior of high-risk teens, we must institute a program of economic incentives for high-risk teens who stay in school and avoid teenage childbearing.

Youth development programs work towards preventing adolescent pregnancy by promoting responsibility. They yield positive results because they focus on multiple facets of young people's lives over a continuous period of time. By increasing adolescents' self-esteem through sports, academic assistance, and the arts, as well as by helping adolescents to explore employment and educational possibilities, youth development programs present multiple opportunities to youth -- opportunities which often cannot be pursued if they get pregnant.

For youth development programs to have a significant impact in preventing adolescent pregnancy, however, they must include family life and sex education programs and medical and health (including mental health) services. Some youth development programs -- such as The Children's Aid Society program in New York -- even guarantee admission and full scholarship to college upon completion of the other aspects of the program. These types of programs must be implemented across the country. Not only do these programs promote responsibility and healthy behavior, but they are also economical; the money spent on these programs on a teenager to prevent pregnancy is less than what the AFDC program would spend in benefits for a teen mother and her newborn child.

THE ADMINISTRATION'S TEEN PREGNANCY PREVENTION INITIATIVES

President Clinton's welfare reform plan (H.R. 4605) includes four initiatives aimed at preventing adolescent pregnancy. The Clinton plan includes a national campaign against teen pregnancy, teen pregnancy prevention grants, comprehensive services demonstration grants to prevent pregnancy in high risk communities, and a national clearinghouse on teen pregnancy prevention. I will address the extent to which the President's plan constitutes a comprehensive response to teen pregnancy, and I will identify areas for improvement.

The Administration proposes to conduct a new national campaign to prevent teen pregnancies by establishing a non-profit, non-partisan privately funded entity that encourages all segments of society to join the effort to reduce teen pregnancy. The President places the entity outside of government.

I believe that such an entity is needed but that it should be within the federal government, not outside it, in order to ensure accountability, address cross-cutting issues among various federal agencies and programs, and to guarantee that national goals concerning teen pregnancy are developed and accomplished. This entity could operate as a quasi-governmental agency. The problem of teen pregnancy demands a high-priority, high-level government office with coordinating responsibilities and with its own core staff.

A governmental entity to address teenage pregnancy and childbearing should have a national mandate and capacity to spearhead a coordinated, sustained plan of action. If this body is a public/private venture, it should have a widely representative board and should serve as a general forum for mobilization, communication, and coordination. The entity's goals should

include fostering community information and education, coordinating data collection and analysis, and developing policy and program initiatives. The entity should also ensure crucial linkages among major departments of federal government. It should assist in resource development and technical assistance to state and local governments and agencies. It should develop and monitor the long-term strategies that are prerequisites for progress in combatting teen pregnancy.

The second of the Administration's proposals, the development of a grant program that provides funds for schools and communities to develop comprehensive adolescent pregnancy prevention programs is commendable. Although community organizations need new funds to develop teen pregnancy prevention programs, they lack the financial resources to implement such programs. This grant program would provide the seed money for such programs.

I recommend that the grant funds be aimed at high-risk youth -- those that are in out-of-home care such as foster homes, are homeless, or are incarcerated. According to several studies, compared to their counterparts, young people in foster care are more likely to have had sexual intercourse; are twice as likely to have been pregnant; are less informed about human sexuality and birth control; and are less likely to have used contraceptives during their first intercourse. The special needs of youth in out-of-home care make them the most vulnerable and the least prepared for parenthood. Priority for the grant programs should be made for at-risk youth and the sibling of teen parents. Research has shown that these populations are the most at risk for early childbearing, yet they rarely receive teen pregnancy prevention services.

MINOR MOTHER RESIDENCY REQUIREMENT

The President also proposes to require most teen parents to live with a parent. However, a Child Welfare League of America (CWLA) survey of Florence Crittenton Agencies, conducted in the spring of 1994, suggests that forcing teen parents and their children to return to a parent's home without proper safeguards could place many children at severe risk of physical or sexual abuse. The survey found that:

- about 62% were estimated to have been abused or neglected by a caregiver;
- almost 64% were estimated to have had at least one unwanted sexual experience;
- about 50% of those living independently would, in the opinion of those agencies which serve such young women, be placed at risk of physical or sexual abuse if returned to their families.

The high prevalence of abuse by caregivers indicates that most of the adolescent mothers served by these agencies come from unsafe homes. These figures most likely underestimate the proportion of these mothers who have been abused or neglected by a caregiver because some agencies answered this question only in terms of substantiated abuse cases. It is widely believed that abuse very often goes unreported or unsubstantiated. The agencies' staffs know these young women quite well; their report that 50% would be at risk of abuse if returned to their home suggests that for the federal government to impose such a requirement in order to receive welfare would be detrimental to thousands. It would force many adolescents to choose between seeing their children go hungry or homeless and putting both themselves and their children in danger.

These statistics do not come as a surprise to those of us working in the field. Since the 1988 Family Support Act, states have been given the option of implementing a minor mothers' residency requirement. Although this provision has been available for six years, only five states (Michigan, Delaware, Maine, Wisconsin and Connecticut) have adopted the option. Apparently, experienced state workers in many other states -- those who actually work in the field with adolescent mothers -- did not think such a requirement would be a positive one. In response to a CWLA telephone request in June 1994, none of those states that adopted the residency requirement option could provide statistics on the number of minor parents who are required to live at home. Representatives of the various state departments of human resources stated that they do not strictly enforce the requirement because of a lack of personnel.

One benefit of trying out a program or provision on a state level is the ability to evaluate it before introducing it on a national level. Before this provision is mandated nationwide, research should be conducted to evaluate not only the utility and efficacy of the programs in place, but also why the majority of states have shunned the option.

If a teen parent residency requirement program is implemented, we must ensure that young parents do not return to abusive or otherwise unsafe households, that exceptions are made when such a requirement makes no sense for a particular family, and that teen parents' special needs for intensive case management are addressed. One important strategy would be to assign qualified "teen parent case managers" to make careful decisions regarding whether the teen and her child should be sent back to a parent's home. These case managers would also help each minor parent draw up an individual plan to attain independence, assist her in achieving her plan by linking her with needed education, health and other social services, and help the client make determinations about where to live. Recognizing that the teen parent case manager would play a critical role in assuring the rights and safety of teen parents and their children, caseloads of no more than 20 clients to each teen parent case manager should be maintained.

ADDITIONAL RECOMMENDATIONS

1. **Include Males in Pregnancy Prevention Programs**

   I am concerned that the President's proposal does not address young men in pregnancy prevention. For too long, programs and policies have been aimed at young women at the exclusion of young men. We need programs beyond paternity establishment and condom distribution for young men. They, too, need programs to help them understand responsibility; gain knowledge; have access to family planning services; and learn to communicate with young women in a respectful manner.

2. **Increase Funding for Comprehensive Reproductive Health Services that are Age-Appropriate and Accessible for Teenagers**

   One of the most effective ways to prevent teen pregnancy is through comprehensive reproductive health services, i.e., a program of educational, medical, and counseling services. Such a comprehensive program provides for the advocacy of abstinence from sexual activity and adequate and appropriate medical services. Title X of the Public Health Service Act provides funding to family planning clinics. The majority of the Title X patients are low-income women and approximately one-third are teenagers. However, only a small percentage of teens who want and need family planning services are able to obtain them. Title X should be expanded and receive additional funding with a proportion of funding earmarked to serve adolescents. Services need to be accessible and appropriate to teens. Family planning clinics should be located where teens are -- in shopping malls, recreation centers and schools.

3. **Mandate Comprehensive Family Life Education in Schools**

   Family life education in schools is a vital component of efforts to prevent teen pregnancy. Research demonstrates that comprehensive family life education programs that teach sexuality education, including delaying sexual involvement, social skills training, refusal skills and comprehensive information about contraceptives have positive effects. Yet, fewer than 10% of American school children receive comprehensive family life education. Only 17 states require comprehensive family life education and 30 others encourage it. Creative approaches to family life education are needed. Increased involvement of students and their parents in the planning and review of the curriculum is imperative. In addition, adequately trained personnel should teach the courses.

***

Chairman FORD. Thank you, Ms. Davis.

Ms. Showell, you are recognized at this time.

STATEMENT OF PATRICIA WHATLEY SHOWELL, ASSOCIATE EXECUTIVE DIRECTOR FOR PROGRAMS, FAMILIES FIRST, ATLANTA, GA., AND ALSO ON BEHALF OF FAMILY SERVICE AMERICA

Ms. SHOWELL. Thank you, Mr. Chairman, members of the committee. I am Patricia Whatley Showell.

Chairman FORD. Is that the way you pronounce it, Showell?

Ms. SHOWELL. Yes.

Chairman FORD. My staff back here told me Showell.

Ms. SHOWELL. Showell. That is all right, I'm used to it.

I am associate executive director of Families First in Atlanta. We are a United Way family and children service agency serving the metropolitan Atlanta area for the last 104 years. We are also a member of Family Service America, a network of nearly 300 private voluntary agencies with a mission to strengthen families across America.

I am also here as a mother of two sons and a recent grandmother of a grandson, and I have done a lot of work in my adult life with young people, some of it as a socialworker, but a lot of it as a volunteer in my church working with young families, young mothers, with young children. Today, I would like to focus on some of our local concerns and interest in early childbearing and welfare reform.

For 102 of our 104 years as an agency, we have provided services for pregnant young women through our residential maternity care facility. And we have also provided outpatient counseling to pregnant young women, their boyfriends and their parents. Each year about 800 young women receive counseling, assistance with prenatal care, assistance in completing their secondary education and vocational training, and residential maternity care. And recently we have started a transitional housing program for homeless young mothers with their first infants.

We provide adoption services when requested, but most often we focus on providing parenting, education and supportive services to teen parents who are rearing their children alone. I would like to make three critical points about teen pregnancy prevention. The first is that teen pregnancy prevention is not something that can occur in a vacuum or in isolation. People do not fit into neat little packages and neither do their problems.

When prevention works it works in conjunction with the total community. This is true of drug and alcohol prevention, crime prevention, school dropout prevention, and it is no less true of pregnancy prevention. Teen pregnancy prevention must be linked with the social supports required for strengthening families and communities.

When we have healthy communities, we have healthy families and individuals, and we cannot expect that individuals and families can thrive and be healthy if our communities are not healthy, so that the complex issue of teen pregnancy and prevention require comprehensive solutions and strategies.

One way of visualizing this, for me, is to think of concentric circles with the outer circle being the community and its resources; those flowing down and being available to the family and the family's resources, in turn, being strengthened and empowered by their access of the larger community resources; and in the center is the individual who then thrives and flourishes as a result.

My second point is that there is as equal a need to prevent subsequent pregnancy as there is to prevent the initial pregnancy, and I would like to share very quickly a true story about Felicia, who is a young, African-American mother who, at the age of 17, with her parents recently separated, was living with her mother and her 10-month-old sister.

Felicia was an upwardbound student preparing for college, doing all the things that young people at that age do in terms of their dreams and their goals. She then became pregnant with twins. And as she neared her delivery, her blood pressure forced her into a high-risk category. Her mother, recognizing that she did not have at her disposal the resources that she needed, contacted the United Way of Metropolitan Atlanta where she learned about the teen pregnancy program at Families First.

Felicia entered our maternity home, where she lived until her twin daughters were born. She received counseling to prepare her for the stresses that all of us as parents know, but which are doubly hard for a teen parent. She participated in parenting education groups to learn about child development and appropriate discipline and encouragement, and she improved her sense of self-worth and confidence in her abilities. She is on the road to self-sufficiency. She will be graduating from college this year with a bachelor's degree in business administration. She has not had a subsequent pregnancy.

How did Felicia do this? First, she had a supportive family, a family that loved her and recognized her needs, but also recognized that they needed some support in being able to meet those needs during a critical period in Felicia's life. Second, Felicia had goals. She knew she could succeed in college if only she had the finances to do so. Through private and Federal aid she is working on this goal.

Third, Felicia was eager to learn how to be a good parent. And she actively participated in classes and sees her daughters as the most important part of her life. She is working to give them a good life.

And, fourth, Felicia was able to find a job that was flexible enough to fit into her schedule that required part-time employment because she was in school on a full-time basis.

Felicia is not atypical. At the same time, she was very fortunate that the community resources were there to help her during her crisis.

You asked what we need to do to end welfare dependency of teens who experience early childbearing. I think we need to give these young mothers hope; a sense that an unplanned pregnancy is not the end of the world, it is not the end of their lives. In fact, it can be used as an opportunity, as an experience to move them toward independency and self-sufficiency. It is this sense of hope

and self-worth and confidence that is given by the community through its supportive services that is the real social safety net.

And last but not least, I think we must not ignore the invisible man. Teen pregnancy prevention is not for women only. I stress that because many times programs do not focus on males and their part in the process. I stress that for young men there must be opportunities available for personal growth, for education, for jobs, for recreation, and that we must provide factual information about the consequences of premature sexual activity. Any prevention efforts that offer assistance but no concrete services is bound to fail. Prevention efforts must focus not only on young women, but young men and their responsibilities.

At Families First, we have prevention groups for young men who are teen fathers and are at risk of becoming fathers. By linking up with alternative schools and with job training programs, we reach out to young men who would otherwise remain invisible. In conjunction with the child support enforcement efforts in the State of Georgia, we are planning to launch a male responsibility program through media outlets and through the schools.

Most of all, teens, young women and young men, need hope. They need to see their lives as worthwhile, as valuable, and they need to have opportunities so that they can further their goals and their dreams and move into young manhood and young womanhood. Thank you.

[The prepared statement and attachment follow:]

TESTIMONY OF PATRICIA WHATLEY SHOWELL
ASSOCIATE EXECUTIVE DIRECTOR FOR PROGRAMS
FAMILIES FIRST
ATLANTA, GEORGIA
BEFORE THE HOUSE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
JULY 29, 1994

I am Patricia Whatley Showell, Associate Executive Director of Families First, a United Way family and children's agency serving the metropolitan Atlanta area for the past 104 years. Families First is a member agency of Family Service America, Inc., a network of nearly 300 private voluntary agencies with the mission to strengthen families across America.

I also am the mother of two children -- on grown and one teenager who is still growing -- and the grandmother of a newborn baby boy. For all my adult life, I have worked with young people, some with drug or alcohol problems, some pregnant and afraid, all of them coping with the stress of growing up in families that love them but don't always know how to show it. Some of this work has been my employment but much of it has been through volunteering with mothers of young families in my church.

Today, I wish to focus on our local concerns and interests in "Early Childbearing and Welfare Reform." Two years after Families First was founded as the Leonard Street Orphans' Home for Negro Girls, Dr. Kate Waller Barrett, the first woman to graduate from the Medical College of Georgia, founded what became the Florence Crittenton Home of Atlanta. The Florence Crittenton program merged into Families First in 1974. For 102 years, we have offered residential maternity care to pregnant young women (some as young as 12 years old) and outpatient counseling to pregnant young women, their boyfriends and their parents. Each year about 800 young women receive counseling, help to access prenatal medical care, assistance to complete their secondary education and vocational training, residential maternity care and transitional housing for homeless young mothers with their first infant. We provide adoption services when requested, but more often we provide parenting education and supportive services to teen parents who are rearing their children alone.

I want to make three crucial points about teen pregnancy prevention. First, teen pregnancy prevention does not happen in isolation. Second, there is an equal need to prevent subsequent pregnancy as there is to prevent initial pregnancy. Third, do not ignore "the invisible man.".

First, teen pregnancy prevention does not happen in isolation.

When prevention works, it works in conjunction with the total community. This is true of drug-and-alcohol prevention, crime prevention, and school drop-out prevention as well as pregnancy prevention.

Teen pregnancy prevention must be linked with the social supports required for strengthening families and communities. Social problems do not exist in isolation. They are embedded in the structure of our communities. When communities are viable and healthy -- when they meet the real needs of families and children -- when they provide resources that address quality of life issues -- then individuals have the ability to address their social, economic, spiritual, physical and mental health needs.

A way of visualizing this approach is to think of concentric circles: with the community's resources and strengths empowering the family's resources and strengths thus empowering individuals to draw on their own resources and strengths.

Second, there is an equal need to prevent subsequent pregnancy as there is to prevent initial pregnancy.

Let me tell you about Felicia, a young African-American mother. At age 17, her parents recently separated, she lived with her mother and her 10 month old sister. She was an Upward Bound high school student, planning to attend college. Her family was of modest means and she knew college would be financially difficult. But with scholarships, grants and a part-time job, she felt confident that she could make it.

Then Felicia became pregnant -- with twins. As she neared her delivery date, Felicia's blood pressure forced her into a high risk category. She had to stay at home. Her mother worked while Felicia cared for her little sister, but they soon realized that Felicia needed an adult's care.

Felicia's mother contacted the United Way of Metropolitan Atlanta where she learned of the Teen Pregnancy Program at Families First. She entered our maternity home where she lived until her twin daughters were born. While living at the maternity home Felicia realized how luck she was.

Felicia received counseling to prepare herself for the stresses of becoming a single mother of twins and remaining in school. She participated in parenting education groups to learn about child development and appropriate discipline and encouragement. She improved her sense of self-worth and confidence in her own abilities to succeed.

Felicia gave birth a month early after an emergency induced labor. The entire family was overjoyed that the twins were born healthy and that Felicia was fine.

Felicia made up the time she missed in school (about a year), and is now attending college majoring in business administration, and has only one more course to take before graduating. She receives a scholarship to pay for books and for child care from our agency's Florence Crittenton Junior Board, a group of volunteers who provide invaluable assistance to our maternity home residents. She qualifies for a Pell grant to help with tuition. She also receives food stamps. As part of the federal Stay-N-School Program, Felicia works as a programming clerk for the Department of Food and Nutrition Services. She has not had a subsequent pregnancy.

Felicia is on her way to self-sufficiency. How did she do it? Let's learn from her experience.

First, Felicia has a supportive family. Her mother knew she was unable to adequately care for her pregnant daughter, earn a living and care for her own 10 month old infant, so she reached out for community help and found it at Families First.

Second, Felicia had goals. She knew she could succeed in college if only she had the finances to do so. Through private and federal aid she is working on this goal now.

Third, Felicia was eager to learn how to be a good parent. She actively participated in parenting classes, and sees her daughters as the most important part of her life. She is working to "give them a good life."

Fourth, Felicia was able to find a job that was flexible enough to fit her educational schedule. Even with a part-time job, she continues to need some federal assistance through food stamps.

Felicia is typical of many young women who find themselves pregnant. At the same time, she is very fortunate that community resources were there to help her during her crisis. Because of this community support, Felicia is well on her way to being a contributing member of society.

Felicia has a renewed sense of her own worth. More importantly, she has experienced the unconditional love that is the most important thing anyone can experience. She has been allowed to stand on her own two feet, to make mistakes, and yet to have the support to try to do better again.

You ask what we need to do to end welfare dependency of teens who experience early childbearing. We need to give these young mothers *hope*: a sense that unplanned pregnancy isn't the end of the world, or the end of her life. In fact, she can use this experience unfortunate as it is to move forward to independence as an adult. It is this sense of *hope*, of self-worth and confidence, given by the community through supportive services, that is the real social safety net.

Third, do not ignore "the invisible man."

Teen Pregnancy Prevention is not "for women only." Prevention efforts must address the issues of young men as well as young women. Any efforts that promote the strength and stability of families of origin, that stress the opportunities available to youth for personal growth through education and recreating, that provide factual information about the consequences of *premature* sexual activity, and that offer assistance with concrete needs such as after-school employment and access to health care will have a positive impact on reducing teen pregnancy.

Prevention efforts that address only the young woman, that are focused on "future goals" rather than present opportunities, that stress "responsibility" as a burden, and that offer no concrete services are merely rhetorical efforts and are doomed to failure.

At Families First, we have prevention groups for young men who are teen fathers or are at risk of becoming fathers. By linking up with alternative schools, and with job training programs we reach out to these young men who would otherwise remain invisible.

In conjunction with the Child Support Enforcement effort of the State of Georgia, we are planning to launch a "Male Responsibility" effort through media outlets and through schools.

Most of all, young men as well need *hope*. They need to see their lives as having meaning and innate dignity. They need appropriate opportunities for passage into manhood.

FACT SHEET
PREGNANCY UNIT

Services offered:

All of the following programs strive to prevent subsequent pregnancies, to prevent a family from becoming homeless and to prevent child abuse or neglect from occurring.

Specific programs include:

Pregnancy Program provides individual and group counseling, education about birth preparation and family planning, avoiding another unplanned pregnancy, career development planning, and developing a self-supportive life.

Follow-up services to help after the baby is born. These may include teaching parenting skills, finding affordable child care or helping the mothers return to school.

Young Parents Program provides parenting and child development education through professional counseling and networking with other community services that provide services such as affordable child care, health care, financial aid and employment planning and opportunities.

Bell Hall Maternity Home is a group home for pregnant women, generally between the ages of 14 and 26, during their pregnancy. They receive group and individual counseling, prenatal health care, childbirth education classes, and aid in pursuing educational and vocational goals.

Teenage Pregnancy Prevention Program offers group discussions with teenagers and their parents, encouraging communication between them by providing a non-threatening environment to openly discuss sexuality issues. Teens are given facts which dispel myths and fears about sexuality. The end result is the prevention of teen pregnancies.

Teenage Pregnancy and Parenting (TAPP) Program is teamed with the DeKalb Task Force on Teen Pregnancy, providing outreach services through individual and group counseling, prenatal and postnatal services and family planning services to prevent subsequent pregnancies to teenagers.

Adoption services are available for those mothers who choose to use this services. This service also assists adult adoptees in their search for their biological parents.

Service area:

Metropolitan Atlanta.

Services provided to:

Young pregnant women, birthfathers and their families. Some of the young women are adolescents who are isolated and are unable to plan for their future or who would otherwise be homeless.

# # #

Chairman FORD. What kinds of opportunities are you speaking of for these young men?

Ms. SHOWELL. I think that young men need appropriate opportunities to move into manhood and to demonstrate——

Chairman FORD. What are appropriate?

Ms. SHOWELL. Things like educational opportunities, like job opportunities. They need to be able to develop the kinds of——

Chairman FORD. But these young men are in school.

Ms. SHOWELL. Well, some of them are not.

Chairman FORD. Some of them are not. But what are some of those other things? Because we do not want to miss this. We want people who are close to it, people who are working with it every day, to tell us what are all of those opportunities. We know education.

Ms. SHOWELL. Some of them are in school, but I think many times the schools are not environments that really facilitate success for some of the young people that I am talking about. And they need to be able to experience success. And one of the ways they do that is by becoming fathers, but there are——

Chairman FORD. Is that success? They perceive it as a success?

Ms. SHOWELL. From a young man's perspective, it may be a way of proving that he is a man. What I am suggesting is that they need appropriate outlets through recreation, through job opportunities, through opportunities for socialization and personal development that will allow them to experience successes.

Ms. DAVIS. I think further on that, if I may, I think we are both talking about basically the same thing. There are a lot of programs that emphasize family life education and basic independent living skills for girls, but there are few, if any, in the schools that males participate in.

Some of the new mentoring programs, some of the fraternities and club groups have started mentoring programs for African-American males in the schools, but, usually, they do not emphasize the kinds of social responsibility we are talking about and building respect for females. They see females in only one way, as a social outlet for sex or for dancing. But they do not learn, unless they have learned it in the home, like a lot of my counterparts my age, males said my father taught me how to tip my hat for the lady. And this is considered old fashioned today, but those are the kinds of things if they are instilled in someone lead to more responsible behavior when you are talking about sexual behavior and that kind of thing; opening car doors. We are talking about very basic life skills that women get, girls get, but boys do not get, and I think that is very important.

Usually we talk about them needing jobs, and they do need that, but before that you need to get this rudimentary kind of thing.

Chairman FORD. Thank you.

Ms. Jackson, you are 20 years of age now, and in your testimony you were 16, in 11th grade, when you were pregnant for the first time.

Ms. JACKSON. Yes.

Chairman FORD. Could you just tell us what your home environment was like? Just describe it, if you do not mind. If you do not want to, it is fine.

Ms. JACKSON. I lived with my grandmother since——

Chairman FORD. When you were 16, I am speaking of.

Ms. JACKSON. Yes, all my life, really. And my mother lived apart from me and we were not really close.

Chairman FORD. Pardon me?

Ms. JACKSON. We were not really close, me and my mother.

Chairman FORD. What about your father.

Ms. JACKSON. He lived apart from me, too.

Chairman FORD. Did you see them often.

Ms. JACKSON. Not regularly. I saw them, but not regularly.

Chairman FORD. Did your father support you?

Ms. JACKSON. No.

Chairman FORD. Did your mother support you financially?

Ms. JACKSON. No, not really. Maybe when I was younger, a little kid.

Chairman FORD. And when you grew up with your grandmother, did your grandmother work?

Ms. JACKSON. Yes.

Chairman FORD. Were you the only child in the house?

Ms. JACKSON. No, I had another cousin that lived there, too.

Chairman FORD. You had another cousin.

Ms. JACKSON. Yes.

Chairman FORD. About what age, about the same age.

Ms. JACKSON. No, he is younger. He was 8 or 9.

Chairman FORD. And did your mother receive any type of public assistance?

Ms. JACKSON. No. She worked.

Chairman FORD. She worked. You mentioned earlier, in your testimony, that teenagers have babies for a variety of reasons, such as needing love. What did you mean by that?

Ms. JACKSON. Some teenagers feel that they don't get love at home. They don't get any attention from their parents.

Chairman FORD. I want to talk about you for a minute.

Ms. JACKSON. For me?

Chairman FORD. Did you feel that your grandmother loved you and your mother and your father?

Ms. JACKSON. Yes, I felt—yeah.

Chairman FORD. And just in your instance did you——

Ms. JACKSON. I didn't feel that I needed love.

Chairman FORD. Did you think that by having a baby, that was someone you could love and in return receive love from?

Ms. JACKSON. I didn't look at it that way.

Chairman FORD. You didn't look at it that way. We have heard a lot of people testify to that effect, and you have suggested that it is sometimes the case.

Now, you also mentioned rebelling against authority.

Ms. JACKSON. That was not me. I was—I was a good student and honor roll student, so I don't think that I was doing that. I was always——

Chairman FORD. I don't want to put you on the spot or get you nervous. I just want to talk it out with you, to find out what happened, and what was in your mind before and after the pregnancy. It is clear you were an honor student at the time. You returned back to school and graduated in the top of your class. You are at

one of the finest universities today. You are in your fourth year. We understand, but I am still just trying to go back and take a snapshot of that particular point in time when you were 16 and of those things that were going through your mind.

I know that you probably are talking about a host of other young women rebelling against authority and all. I am just trying to get a response from you on the things that you have said here. You mentioned to feel grown up. Did you feel grown up when—you didn't.

Ms. JACKSON. No.

Chairman FORD. Do other young ladies feel they are grown up when they get pregnant?

Ms. JACKSON. Yes.

Chairman FORD. Do they think in terms of who will support that child? When you had the child, what did your grandma say? Did the father of that child come to you and say I will support my child?

Ms. JACKSON. Yes.

Chairman FORD. He did. Did he support that child?

Ms. JACKSON. Partially.

Chairman FORD. Did his parents ever——

Ms. JACKSON. No.

Chairman FORD. Was he working or something to support the child?

Ms. JACKSON. Yes.

Chairman FORD. He was. And how long—is he still supporting the child?

Ms. JACKSON. No.

Chairman FORD. He is not.

Ms. JACKSON. No, he is incarcerated.

Chairman FORD. He is in jail. So you do not receive any type of child support.

Ms. JACKSON. No.

Chairman FORD. The only thing you receive is AFDC and the food stamps or whatever?

Ms. JACKSON. Yes.

Chairman FORD. Before he was incarcerated, was he giving child support for both kids?

Ms. JACKSON. He was ordered for the first one, but the second one it didn't go through because then he was already incarcerated.

Chairman FORD. He was already—has he indicated that when he comes out he wants to continue to support his children?

Ms. JACKSON. I don't know.

Chairman FORD. You don't know.

You indicated also that you knew about birth control, but getting pregnant was not a serious issue.

Ms. JACKSON. I think a lot, myself and a lot of other teenagers, it is not a big deal to get pregnant and you can give a teenager, male or female, all the family life education, sex education, birth control methods, it does not matter. If they are going to do it, they are going to do it.

Chairman FORD. You didn't think it was needed, any precautions at all. I am trying to follow this particular scenario to see whether or not it will help us as we craft a new welfare policy for the coun-

try. And you are saying that it was not an issue. You didn't think in terms of that, even after you had your first child. You were not on welfare, you did not receive any public assistance with your first child. It was only after your second child was born that you sought AFDC and that was because undoubtedly the father then, at that time, was no longer providing child support for the first child and he had become an inmate in an institution. Is that right?

Ms. JACKSON. Yeah.

Chairman FORD. What about when you had your second child? How do you feel now about that? It is clear with you being in the fourth year at the University of Maryland that you are going on to change your life, and you have always focused on education. I know that education is a real answer to all of these problems that we are talking about today. But how do you feel now about that as you reflect back? How do you feel about having two children and receiving public assistance, trying to go to college, trying to make it work?

Ms. JACKSON. What are you asking?

Chairman FORD. How do you feel when you talk with family members or other young people like you? As you reflect back, do you still think that it is not an issue to have another child, it is not a big deal?

Ms. JACKSON. As most teenagers see it, I don't think so. It is obvious—I mean you see other teenagers, you see them pregnant, your sisters, schoolmates, classmates, but you see it, but you still get pregnant yourself.

Chairman FORD. You have friends who are teenagers who think that you cannot prevent teen pregnancy because it is already accepted as a way of life for many. You are saying teenagers have already accepted it as a way of life.

Ms. JACKSON. You cannot prevent all of teen pregnancy. Because many see it as nothing wrong with it.

Chairman FORD. How do they plan to support their child or their children? It is accepted, it is not a big deal, it is not a problem. Do they ever focus on how they are going to take care of a child? It is not a big deal, I can have the baby, it is accepted among those in my neighborhood, my family, in other places. Do they ever really talk about how they will support their child or their children?

Does anyone ever think that the father ought to provide financial support and love for that child? In your instance, you were not working. Your grandmother was working. You were living with her. You felt that the father of the child would be there?

Ms. JACKSON. Yes.

Chairman FORD. Is that the norm? Do most teenagers think the father will be there or do they think that the government will take care of the baby and the government will take care of the mother? When did you learn about welfare? Why did you not go on welfare after you had your first child?

Ms. JACKSON. I didn't.

Chairman FORD. You did not consider going on welfare?

Ms. JACKSON. No.

Chairman FORD. You did not?

Ms. JACKSON. No.

Chairman FORD. No one talked to you about going on welfare?

Ms. JACKSON. I can say if I had not had my second child maybe I could have made it without welfare. I mean I worked steady and I got grants from school. I probably could have done it.

Chairman FORD. So you didn't think about applying for welfare with your first child.

Ms. JACKSON. No.

Chairman FORD. Were you working during the summer or after school to support your first child?

Ms. JACKSON. No, but when I started college, yes, I did work.

Chairman FORD. When you started college, you did. OK.

Mr. Cardin.

Mr. CARDIN. Thank you, Mr. Chairman.

First, let me thank the entire panel. We have several people from the State of Maryland here, so it is nice to have you come and testify, and I would just state that I used to represent the Hampden area and know the great work that you are doing in our community and I thank you very much for that.

Families First has a national reputation for doing an outstanding job to help people, so we very much appreciate all of your being here.

Ms. Jackson, we hear statistics and it is hard to put a face on the problem, and your presence here today is extremely helpful to us in the work that we have to do. So I personally want to thank you for being willing to come and testify before our committee. It is extremely helpful for the work we need to do.

Ms. JACKSON. Can I say one more thing?

Mr. CARDIN. Sure.

Ms. JACKSON. I think that the system works for a person who has goals and has something to work toward and they just need it for a temporary thing. But as a way of life, I think it does not work. That is where it fails.

Mr. CARDIN. I think many of us agree.

I would like to ask a question, if I might, and get a response from any of the panelists who might want to give me a response. And that is the President's plan would have teen mothers live with their parents, or live at home with their mother or their parents. Your testimonies have raised serious questions as to whether the family support is really there, and in many cases it is not constructive for a teen mom to live at home.

Do we have the facilities—what type of facilities should be made available to teen moms? What type of support do they need? Do we have the type of programs available to offer the type of support for a teenage mother in order that that person might have the opportunity to go finish school or go to college or get the job training needed in order to become self-sufficient? Do we have those types of resources available and what type of resources are there?

Ms. DAVIS. I can speak somewhat to that. We opened a mother-baby program this year. We had had one for about 10 years before and discontinued it in 1985 due to lack of funding and referrals. At the suggestion of the Department of Social Services, as a need, we reopened it this year with apartments right on our campus for six mothers and six babies. We have had no problem whatsoever in filling those beds and right now have a waiting list of about four mothers and babies.

And those are four young women who qualify because they are in the foster care system. Now, we are deluged with telephone calls from other individuals who do not qualify and for whom there is no funding mechanism. So there is a great need for parenting teens to have living conditions. And I am talking about an older teen. We have a cap. We do not serve teens in our program who are under 15. Ideally we would like it to be 16 and above. And these are young women who have taken not only parenting seriously, but also education. And who are excelling in education and this year we have had one graduate, as a matter of fact, to receive a 4-year scholarship to a private college.

So these are serious-minded teens, but for whom there are no parents and are no home life and no place for them to live.

Mr. CARDIN. That type of support network, would that work for most teen parents that do not have a family support system that would be available?

Ms. DAVIS. I think so. From where I sit, of course I don't cover the country, but I pretty much think one of maybe one of the contributing set of circumstances to early childbearing may be a, I hate to use the cliche that is so often used, but a dysfunctional family where there are needs for other kinds of services. And if that being the case, then homelessness is a big problem. We have not termed it so much homelessness, but that is what it is. So I think that kind of service is needed.

Mr. CARDIN. If I am reading your testimony correctly, you are indicating that as many as a majority of teen parents are better off not living at home rather than living at home; is that correct.

Ms. DAVIS. Yes. That was a result of a survey of Florence Crittenton Services across the country and, of course, I don't think we even intend to say that represents a mass. But it certainly represents over 1,000 parenting teens that we represent.

Mr. CARDIN. I am somewhat familiar with the programs offered in Baltimore and Maryland. We have nowhere near the type of resources to provide the type of services you are talking about.

Ms. DAVIS. That is true. To my knowledge, there may be two other programs in the State for mothers and babies and one is a foster, specialized foster care program where the young women are placed in foster homes with their baby and that just began this year, and the other is a well-established program over this way, near Hyattsville, that has, I believe, 11 beds for mothers and babies. But those are the only ones in the State.

Mr. CARDIN. I am somewhat troubled by the information you are presenting. Not that it is not accurate, but if we want to get a teen mother to live at home, if that is going to be one of our social goals, how do we identify which home environments are going to be safe? Do we have that capacity?

Ms. DAVIS. By and large, I think the departments of social services in the various jurisdictions certainly have quite a bit of that available, but there are also many families that do not come through, contrary to what the general public thinks; who do not come to the attention of the Department of Social Services at all.

I think this young lady is a prime example of that. It does not mean they do not need services, but the majority of people do not come to their attention so that the problem, I think, is much more

widespread than they are able to manage, because their staffs have been cut. Funding certainly has been cut. So I think you are correct, it is a mammoth program and I don't know that we can address it through any one entity.

Mr. CARDIN. Thank you.

Chairman FORD. Mr. Santorum.

Mr. SANTORUM. Thank you. I just have a couple of brief questions.

We heard yesterday from a Mr. Ballard something that I heard repeated again by Ms. Davis and Ms. Showell. He said that what we are seeing about fathers—and he works in a Cleveland fathers group—is trying to get them to take responsibility for their children. And you seem to express similar concerns that there is a problem about getting fathers to face that responsibility, and it is one that is not necessarily solved by punitive measures, but more by trying to get them to sort of turn culturally, as a culture to accept that change.

And we have a job of changing attitude, and, as you all know, that is hard for government to do, to change attitudes. And this change is one that I believe can set some frameworks that encourage change. I would just—I don't expect an answer—but I would just throw out to you if you have some ideas of how we might be able to do that, in facilitating that in the community, because I believe it has to be done community by community. It is a very personal thing.

If you have any ideas—if you have any now, fine; if not, I would certainly appreciate anything you could send to us as far as ideas are concerned.

Ms. SHOWELL. I think there are models that really look at rites of passage for young males; that address appropriate ways to demonstrate manhood.

Mr. SANTORUM. Other than fathering children, as you suggested.

Ms. SHOWELL. Right. That kind of model needs to be replicated in more communities.

Mr. SANTORUM. OK.

Ms. Jackson, thank you very much for your testimony. I was not here for your actual testimony, but I did hear your exchange with the Chairman. He asked a question, and I am not too sure he got an answer, and you sort of went on to something else. But I think it is a question that should be asked, and if you can, with respect to yourself, if you want to, or I think probably more appropriate with respect to your knowledge of other people who are in similar situations to yours, and that was the question of when a young mother has a child or has gotten pregnant, who does she expect to provide for the child?

He asked that question, and he said do they expect the father to provide for the child; do they expect themselves to provide for the child; do they expect the government to provide for the child? What is the expectation, or can you say generally that there is an expectation, of who is going to take care of this child financially; provide for that child so they can be clothed and have food and have housing?

Ms. JACKSON. I can't say—high school students? I don't know. I don't know who they expect.

Mr. SANTORUM. Or do they even think about it?

Ms. JACKSON. I mean they don't plan to get pregnant, so I don't think that they say I want to get pregnant, but—I don't think they think about it until after the baby is born or whatever.

Mr. SANTORUM. And at that point?

Ms. JACKSON. If they are older, 18, 19 and they are out of school, maybe they may say I can get on welfare. Maybe. I don't know.

Mr. SANTORUM. Did you have something?

Mrs. WASHINGTON. Yes. The young lady that was to have come with us that was not able to make it wanted to make the point that she was only 16. She is 16 at the present time; has a 5-month-old child.

One of her main points is the fact that after the birth of that child is when reality hit her. She really did not want to get pregnant, had not thought about it. She now realizes that the things that her mother was trying to tell her was reality.

She rebelled against that authority that Lukisha was talking about, and she is now saying, you know, I should have listened. But she was faced with signs everywhere that said it was OK and don't worry about it. And she said, "and I didn't worry about it. I didn't worry about it. I didn't take it seriously."

She said teenagers are teenagers, and whether they are teen parents or not, they are still teenagers. And so she reacted as a teenager does. They don't believe what is going to happen to them until it happens.

Mr. SANTORUM. And either of you can answer this question, and that is, I am sure Lukisha and the other person who was to be here to testify know plenty of other people who are in the same situations that you have gotten into. You knew people, your peers, your relatives, whatever, who were pregnant when they were in their teens, and you knew of their experience; right? You were aware of what happened to them.

What did happen to most of the people who you knew about? What was the experience? How did they provide for children?

Ms. JACKSON. Usually, if they are younger, maybe their parents; but if they are older, they apply for welfare.

Mrs. WASHINGTON. The young lady indicated that she depended on her mother to take care of her child, and now that she has left home she is now receiving public assistance. She has a lot of remorse for having brought that on to her mother because her mother kept saying—in fact, her mother tried to get her to have an abortion and she would not. She really feels remorseful that she brought that on her mother, but she said nobody could have told her. She would not listen. It did not matter. She was a teenager. Teenagers rebel and she was in a state of rebelliousness.

One thing she did say, that might have prevented her first pregnancy, her pregnancy was the fact that she did not communicate with her mother. And if there were some mechanisms for assisting she and her mother in talking and communicating, that——

Mr. SANTORUM. That has been a centuries old problem, I venture to say. I am not sure there is a good program for that one.

Mrs. WASHINGTON. But one thing we have to remember is, and we have been hearing it all along is, that there needs to be a holistic approach. If you want to put a Band-Aid on it and you want to

just come up with something that may stop teen pregnancy, the teenagers will tell you that they have the education, they have the knowledge, they have this, they have that, they have the other, but one thing is that it has to be comprehensive. It cannot be just provide the condoms, provide the knowledge. They are impacted by their peers. And so, therefore, those peer-type support groups are very, very meaningful. Give them a different culture and a different support group within which to work.

Mr. SANTORUM. Thank you very much.

Mr. CARDIN. [presiding]. Mr. Camp.

Mr. CAMP. No questions.

Mr. CARDIN. Mr. Shaw.

Mr. SHAW. No, thank you.

Mr. CARDIN. Let me thank again the panel for their testimony. It has been extremely helpful to us and we very much appreciate your patience.

The next panel will consist of Greg Duncan, professor of economics, and distinguished research scientist at the Institute for Social Research, University of Michigan; Charles Murray, Bradley fellow, American Enterprise Institute; and Robert Greenstein, from the Center on Budget and Policy Priorities.

Is Dr. Murray here?

Mr. GREENSTEIN. He is in the next room.

Mr. CARDIN. OK. As is the practice of the committee, your full statements will be made part of our record without objection. You may proceed as you wish.

We will start first with Dr. Duncan.

STATEMENT OF GREG J. DUNCAN, PH.D., PROFESSOR OF ECONOMICS AND DISTINGUISHED RESEARCH SCIENTIST AT THE INSTITUTE OF SOCIAL RESEARCH, UNIVERSITY OF MICHIGAN

Mr. DUNCAN. Thank you very much. I very much appreciate this opportunity to testify before your subcommittee today. I would like to address two serious problems facing our Nation today—out-of-wedlock childbearing and welfare receipt. As we have seen this morning, it is an easy matter to assemble alarming evidence on the scope of these problems.

Public opinion and many recent proposals for welfare reform presume that there is a direct causal connection between the generosity of welfare benefits and the likelihood that a young woman will bear a child out of wedlock. However, the weight of the scientific evidence does not suggest that reducing or eliminating benefits for teen mothers would have a substantial impact on the number of out-of-wedlock births, especially among blacks. On the other hand, research does suggest that reductions in the family incomes of children have a detrimental impact on the cognitive development and academic attainment of children.

The conclusion of little or no linkage between welfare benefit levels and out-of-wedlock childbearing is consistent with a number of similar observations. The first is that since 1975, the rate of out-of-wedlock childbearing among teens has nearly doubled at the same time the inflation adjusted value of AFDC, food stamps and Medicaid benefits have fallen.

Second, States with the largest decreases in the inflation-adjusted value of AFDC benefits have not experienced the smallest increases in out-of-wedlock childbearing.

And, third, Canada and nearly all Western European countries have much more generous welfare programs for single mothers and yet much lower teen birth rates than the United States.

Concern that the public debate was ignoring the relevant evidence recently led 67 prominent researchers to take the extraordinary step of issuing a statement that declared, among other things, that

> The best social science research suggests that welfare programs are not among the primary reasons for the rising number of out-of-wedlock births. Most research examining the effect of higher welfare benefit levels on out-of-wedlock childbearing * * * finds that benefit levels have no significant effect on the likelihood that black women and girls will have children outside of marriage and either no significant effect, or only a small effect, on the likelihood that whites will have such births.

The statement goes on:

> We strongly urge the rejection of any proposal that would eliminate the safety net for poor children born outside of marriage. Such policies would do more harm than good.

Mr. Chairman, I have attached a copy of this statement to my testimony.

The concern expressed by the signers of this document stems from a substantial body of evidence showing that income-related poverty harms the cognitive and social development of children. For example, in one recent published study researchers found that even after they adjusted for differences in the education level of the mothers, the never married and single parent structure of the family and other aspects of the socioeconomic level of the family, 5-year-old children raised in persistently poor homes scored nine points lower on an IQ test, on average, than did children raised in nonpoor homes.

In my view, there are many problems with the design of current welfare programs. Although welfare does not appear to be responsible for promoting out-of-wedlock births, higher benefits do seem to have a measurable, although modest, disincentive effect on work effort. Higher benefits also appear to enable teen mothers to set up their own households rather than to live with their parents.

Most troubling is evidence that teens growing up in welfare homes are less successful in terms of completed schooling and early labor market success than children growing up in similar households that did not receive AFDC.

Informed public policy needs to strike a balance between these costs and the benefits of providing a sufficient income, whether based on cash grants or employment, to needy families with children. I am convinced that if properly implemented, the goal of moving to a system based on employment rather than cash grants is a good one.

If welfare reform is to limit the duration of cash receipt for able-bodied recipients, then it must attend to all the elements necessary to make work an economically viable alternative. The recently enacted expansion of the earned income tax credit is an important step in this direction. Health care reform, job training, stricter

child care enforcement, child care, and, as a very last resort, public sector jobs, are the most essential ingredients.

There is much to learn about the incentives and disincentives built into current and proposed welfare programs and about the healthy, cognitive and behavioral development of children. A very important step in advancing our knowledge is the human capital initiative, which has been proposed by the National Science Foundation and the National Institute on Child Health and Human Development. The Senate has already voted to appropriate $5 million for this initiative in next year's budget, and I would urge that the House support the Senate action in conference.

Thank you very much.

[The prepared statement and attachment follow:]

Testimony of Greg J. Duncan*
Subcommittee on Human Resources of the Committee on Ways and Means
Hearing on Early Childbearing

July 29, 1994

I appreciate this opportunity to testify before your subcommittee today. Let me address two serious problems facing our nation today -- out-of-wedlock childbearing and welfare receipt. It is an easy matter to assemble alarming evidence on the scope of these problems.

With regard to out-of-wedlock childbearing, the Census Bureau last week released a report showing that 6.3 million children, some 27% of all children under age 18, lived with a never-married mother in 1993. The 6.3 million figure is 70% higher than in 1973. Family incomes of these children averaged $9,272 as compared with $43,578 for children living in households in which two parents were present and $17,014 for children living in families with a divorced mother.

In the case of welfare receipt, soon-to-be published data from the survey project I direct -- the Panel Study of Income Dynamics -- show that 24% of all children and 66% of black children turning 17 in the early 1990s had spent at least one year living in a family in which welfare income was received.[1]

Public opinion and many recent proposals for welfare reform presume that there is a direct causal connection between the generosity of welfare benefits and the likelihood that a young woman will bear a child out of wedlock. However, the weight of the scientific evidence does not suggest that reducing or eliminating benefits for teen mothers would have a substantial impact on the number of out-of-wedlock births. On the other hand, research does suggest that reductions in the family incomes of children have a detrimental impact on the cognitive development and academic attainments of children.

It is not easy to conduct research into issues of the effects of welfare on fertility, divorce and other demographic behaviors. Welfare experiences are extremely heterogeneous. Although 66% of black children lived in families in which AFDC was received at least once during childhood, fewer than one-third that fraction -- some 20% of all black chilren -- spent more than 10 years in recipient families. Short-term welfare receipt is sufficiently common that about half of first-time recipients will never reach a two-year time limit.

To address the question of, say, whether cutting off benefits to young women would cause them to delay childbearing, researchers typically use state-to-state variation in welfare benefits to look for corresponding variability in fertility and other demographic behaviors. A careful reading of the relevant studies shows that most do not support the hypothesis of a causal linkage for at-risk teenagers. Taken as a whole, the scientific evidence offers little indication that any type of welfare reform would solve the problem of out-of-wedlock childbearing.

This conclusion is consistent with a number of simpler observations:

- Since 1975, the rate of out-of-wedlock childbearing among teens has nearly doubled at the same time as the inflation-adjusted value of AFDC, food stamps and Medicaid benefits has fallen.

- States with the largest decreases in the inflation-adjusted value of AFDC benefits have not experienced the smallest increases in out-of-wedlock childbearing.

- Nearly all Western European countries have much more generous welfare programs for single mothers, and yet much lower teen birth rates, than the United States.

Concern that the public debate was ignoring the relevant evidence recently led prominent researchers to take the extraordinary step of issuing a statement that declared, among other things, that:

> "(T)he best social science research suggests that welfare programs are not among the primary reasons for the rising number of out-of-wedlock births. Most research examining the effect of higher welfare benefit levels on out-of-wedlock childbearing...finds that benefit levels have no significant effect on the likelihood that black women and girls will have children outside of marriage and either no significant effect, or only a small effect, on the likelihood that whites will have such births...
>
> We strongly urge the rejection of any proposal that would eliminate the safety net for poor children born outside of marriage. Such policies would do more harm than good."

I have attached a copy of this statement to my testimony. I signed this statement, as did most of the other authors of published research on this topic, including Robert Plotnick, Robert Haveman, Barbara Wolfe, Robert Moffitt, Robert Hutchins, Martha Ozawa, Phillip Robins and Saul Hoffman. These individuals (myself included) are authors of the studies cited by the Heritage Foundation when they compiled and publicized a list of studies of welfare and out-of-wedlock births last month.

The concern expressed by the signers of this document stems from a substantial body of evidence showing that income-related poverty harms the cognitive and social development of children. For example, in one recent published study, researchers found that even after they adjusted for differences in the educational levels of mothers, the single-parent structure of the family and other aspects of the socioeconomic level of the family, five-year-old children raised in persistently poor homes scored 9 points lower on an IQ test, on average, than did children raised in non-poor homes.[2] Income differences were found in this study to account for the bulk of the difference in IQs between children raised by never-married mothers and children raised in two-parent families. Parental income levels during adolescence have also been found to be powerful predictors of children's completed schooling.

Critics of the group's statement have portrayed the group as apologists for the current set of welfare programs. That is not correct. Indeed, the statement called for "significant improvements in the welfare system."

In my own view, there are many problems with the design of current welfare programs. Although welfare does not appear to be responsible for promoting out-of-wedlock births, higher benefits do seem to have a measurable, though modest, disincentive effect on work effort. Higher benefits also appear to enable teen mothers to set up their own households rather than to live with their parents. Most troubling is growing evidence that teenagers

growing up in welfare homes are less successful in terms of completed schooling and early labor-market success than children growing up in similar households that did not receive AFDC. Informed public policy needs to strike a balance between these costs and the benefits of providing a sufficient income -- whether based on cash grants or employment -- to needy families with children.

I am convinced that, if properly implemented, the goal of moving to a system based on employment rather than cash grants is a good one. Although most stays on welfare end within two years, some do not, and it is the "would-be" long-term recipients on whom our attention should be focused. If welfare reform is to limit the duration of cash receipt for able-bodied recipients, then it must attend to all of the elements necessary to making work an economically viable alternative. The recently-enacted expansion of the Earned-Income Tax Credit is an important step in this direction. Health-care reform, job training, stricter child-support enforcement, childcare and, as a very last resort, public-sector jobs, are the other essential ingredients.

There is much to learn about the incentives and disincentives built into current and proposed welfare programs and about the healthy cognitive and behavioral development of children. A very important step in advancing our knowledge is the National Science Foundation's Human Capital Initiative, which is now under consideration in the Congress. The Senate has already voted to appropriate $5 million for this initiative in next year's budget. I would urge that the House add its support as well as the appropriations process moves to conclusion.

Thank you very much.

.....

*Greg J. Duncan is Distinguished Research Scientist and Professor of Economics at the University of Michigan. He is a member of the National Institute for Child Health and Human Development's Family and Child Well-being Research Network. The views expressed in this testimony are his own. Address: Room 3269 ISR, University of Michigan, P.O. Box 1248, Ann Arbor, MI 48106-1248. Telephone: 313-763-5186. E-mail: greg.duncan@um.cc.umich.edu.

Footnotes:

1. Greg J. Duncan and Jean Yeung, "Extent and Consequences of Welfare Dependence," Children and Youth Services Review, forthcoming.

2. Greg J. Duncan, Jeanne Brooks-Gunn and Pamela Klebanov, "Economic Deprivation and Early-Childhood Development," Child Development, April, 1994.

WELFARE AND OUT-OF-WEDLOCK BIRTHS
A Research Summary

As researchers who work in the area of poverty, the labor market, and family structure, we are concerned that the research on the effect of welfare on out-of-wedlock childbearing has been seriously distorted. As researchers, we are deeply concerned about the rising rates of out-of-wedlock childbearing and the high incidence of poverty and welfare use among single-parent families. However, the best social science research suggests that welfare programs are not among the primary reasons for the rising numbers of out-of-wedlock births.

Most research examining the effect of higher welfare benefits on out-of-wedlock childbearing and teen pregnancy finds that benefit levels have no significant effect on the likelihood that black women and girls will have children outside of marriage and either no significant effect, or only a small effect, on the likelihood that whites will have such births. Indeed, cash welfare benefits have fallen in real value over the past 20 years, the same period that out-of-wedlock childbearing increased. Thus, the evidence suggests that welfare has not played a major role in the rise in out-of-wedlock childbearing.

There is, however, strong evidence that poverty harms children. Poor families often live in substandard housing and have difficulty purchasing basic necessities such as food and clothing. Research has demonstrated that poor children are more likely than nonpoor children to be too short and too thin for their age. Poor children also tend to develop academic skills more slowly than nonpoor children. And, poor children who live in poor neighborhoods are less likely than more affluent children to complete high school. Research in this and other countries also indicates that programs that provide employment and income assistance to poor families decrease poverty rates among children.

There are several plausible explanations for the rise in out-of-wedlock childbearing, although research has not determined which of these are important factors. Possible explanations include: changed sexual mores, decreased economic opportunity for low-skilled young men and young women, changed roles of women, the increased proportion of women in the labor market, and deteriorating neighborhood conditions stemming from racial segregration and industrial change. *Focusing on welfare as the primary cause of rising rates of out-of-wedlock childbearing vastly oversimplifies this complex phenomenon.*

Recently some have suggested that poor children born to unmarried parents should not be eligible for Aid to Families with Dependent Children, food stamps, or subsidized housing. Proponents of these drastic policies defend them as necessary to decrease the number of children born outside of marriage. We question the efficacy of such policies.

Policies that deny poor children basic income and nutrition assistance are likely to harm their physical and academic development and increase the incidence of homelessness and hunger among children. In addition, families that are left with no means to support their children may find that the only way their children's basic needs can be met is to place them in foster care or in an institution. Such parents would be forced to relinquish their children not because they are abusive or neglectful but simply because they are destitute. This is not in the best interests of children. While some signers of this statement believe that welfare has some modest impact on out-of-wedlock childbearing, we all agree that the damage done to children by denying assistance to their families would be far too great to justify eliminating the safety net for them.

We need significant improvements both in the welfare system and in other policy areas. Improvements in the child support system must be made so young men understand that if they father a child they will be required to provide financial support for that child for 18 years and so fathers assume more parenting responsibilities. Changes in the welfare system must be made so more parents can move off welfare, into the workforce, and out of poverty. And, innovative approaches to curbing teen pregnancy should be pursued and strategies found effective widely implemented.

But ending welfare for poor children born out-of-wedlock does not represent serious welfare reform, and would inflict harm on many poor children. *We strongly urge the rejection of any proposal that would eliminate the safety net for poor children born outside of marriage. Such policies will do far more harm than good.*

Signatories:

Larry Aber	Columbia University
Greg Acs	Urban Institute
Elijah Anderson	University of Pennsylvania
John Antel	University of Houston
Sheila Ards	University of Minnesota
Rebecca Blank	Northwestern University
Larry Bobo	University of California, Los Angeles
Larry Bumpass	University of Wisconsin
Martha Burt	Urban Institute
Glen G. Cain	University of Wisconsin
Maria Cancian	University of Wisconsin
Anne Case	Princeton University
Andrew Cherlin	Johns Hopkins University
Thomas Corbett	University of Wisconsin
Mary Corcoran	University of Michigan
Sandra Danziger	University of Michigan
Sheldon Danziger	University of Michigan
Greg Duncan	University of Michigan
Kathryn Edin	Rutgers University
George Farkas	University of Texas at Dallas
Ren Farley	University of Michigan
Ronald Ferguson	Harvard University
Frank Furstenberg	University of Pennsylvania
Irv Garfinkel	Columbia University
Peter Gottschalk	Boston College
Edward Gramlich	University of Michigan
Kathleen Mullan Harris	University of North Carolina at Chapel Hill
Robert Haveman	University of Wisconsin
Martha Hill	University of Michigan
Jennifer Hochschild	Princeton University
Saul Hoffman	University of Delaware
Robinson Hollister	Swarthmore College
Marjorie Honig	Hunter College
Joe Hotz	University of Chicago
Robert Hutchens	Cornell University
George Jakubson	Cornell University
Paul Jargowsky	University of Texas at Dallas
Christopher Jencks	Northwestern University
Alfred J. Kahn	Columbia University
Sheila B. Kamerman	Columbia University
Thomas Kane	Harvard University
Joleen Kirschenman	University of Georgia

Marieka Klawitter	University of Washington
Sanders Korenman	University of Minnesota
Jeff Lehman	University of Michigan
Robert Lerman	American University
Kristen Luker	Princeton University
Irene Lurie	State University of New York at Albany
Douglas Massey	University of Chicago
Rebecca Maynard	University of Pennsylvania
Sara McLanahan	Princeton University
Jane Miller	Rutgers University
Robert Moffitt	Brown University
Kristin Moore	Child Trends, Inc.
Samuel L. Myers, Jr.	University of Minnesota
Richard Nathan	State University of New York at Albany
Kathryn Neckerman	Columbia University
Demetra Nightingale	Urban Institute
Brendan O'Flahrety	Columbia University
Melvin Oliver	University of California, Los Angeles
Martha N. Ozawa	Washington University at St. Louis
Robert Plotnick	University of Washington
Samuel Preston	University of Pennsylvania
Lee Rainwater	Harvard University
Lauren Rich	University of Michigan
Philip Robins	University of Miami
Gary Sandefur	University of Wisconsin
Dona Schwartz	University of Minnesota
Theda Skocpol	Harvard University
Timothy Smeeding	Syracuse University
Mercer Sullivan	New School for Social Research
Marta Tienda	University of Chicago
Harold Watts	Columbia University
Julie Boatright Wilson	Harvard University
William Julius Wilson	University of Chicago
Doug Wissoker	Urban Institute
Barbara Wolfe	University of Wisconsin

Mr. CARDIN. Dr. Murray.

STATEMENT OF CHARLES MURRAY, PH.D., BRADLEY FELLOW, AMERICAN ENTERPRISE INSTITUTE

Mr. MURRAY. Thank you for the opportunity to testify. Let me also address the same issues that Greg Duncan did in the form of some very brief points.

First, there is no empirical evidence, and I think I can make such a flat statement in this particular instance, that job training programs or job placement programs have ever had any effect on illegitimate births.

Second, there are no direct data one way or the other to assess the effect of a 2 years and out rule on illegitimate births. It is conceivable to me that an inflexible 2-year limit, enforced without exceptions or qualifications, might have such an effect. The legislative proposals currently being discussed bear no resemblance to that description.

A time limit linked to job training, riddled with exceptions and complications, seems to me unlikely to have any effect on a population of young, ill-educated women, with short time horizons, which is, in fact, a description that characterizes the typical unwed mother.

Third, there are no direct data one way or the other to assess what would happen if welfare benefits were cut off altogether. It has never been done anywhere. All we know is that in the absence of a welfare system for single women, illegitimate births were low everywhere in the industrialized West. Now, I can introduce extensive logic and indirect evidence arguing that advanced human societies will naturally produce social systems in which the two-parent family is the norm, but it must be indirect evidence of that sort.

Fourth, the best social scientists can do in the way of direct evidence is to examine the natural variation in welfare benefits in municipalities and see if there is any link, and it is to that literature that Greg Duncan has alluded. The simple answer, not correcting for any other factors, is that such a link exists for whites, but not for blacks.

For whites, using States as the unit of analysis, the bivariate correlation—and I am sorry to use the technical terms, but sometimes you cannot really say what you mean in any precise way that Greg and I can talk about to each other without using these terms—the bivariate correlation between the illegitimacy ratio and the size of AFDC and food stamp payments was less than zero in the fifties.

In the sixties, and again referring to whites, a positive correlation emerged, and in the seventies and eighties it has been in the region of +0.3 to +0.4, which is a pretty good sized correlation by the standards of the social sciences.

No such correlation has been observed for blacks, and, in fact, the correlation has been negative.

Now, back in 1983, Mary Jo Bane and David Ellwood, well-known to all of you, wrote an early version of a paper that became seized upon as evidence that there is no link between out-of-wedlock births and welfare. Well, it was an early paper. A lot has been learned since then. A number of other studies have assessed the issue.

And here is something that is going to be hard to persuade you of. Greg Duncan and I, put in the same room for a couple of hours or days or whatever, really would come back and say the same thing to you about what these data say. We are sounding like we are saying very different things because we are talking about glasses half full and half empty. We are, in fact, capable of coming up with similar statements about the same data.

These several studies that have been done over recent years, typically show that there is, in effect, sometimes statistically significant, sometimes not statistically significant, sometimes larger, sometimes smaller—I have a number of them with me here; they are all by very reputable people; many of whom signed the declaration that Greg was referring to.

I would say, and here is something that I think would serve as a point of departure perhaps for what Greg and mine are able to do sometime in this future when we go in the room together, is, from my point of view, to conclude that out of all of these data a consensus statement would be that there is a nontrivial effect of welfare benefits on illegitimacy and childbearing.

Taking the form of a statement that would provide a point of departure for Greg and me to talk about, taking the studies as a whole, it appears a 10-percent increase in welfare benefits is associated with something in the region of possibly in excess of a 5-percent increase in white out-of-wedlock childbearing.

This means that very little can be expected of a 10-percent change in welfare benefits. It also implies that a 100-percent change in welfare benefits would have a very large effect. The current state of knowledge is consistent with the prediction that eliminating welfare would result in something on the order of a 50-percent reduction in white, out-of-wedlock childbearing. This story for blacks is much more complicated.

I also see the yellow light coming on. In my comments that I will be giving to you, I discuss that issue, as well, and perhaps we can do so in the questioning.

[The prepared statement follows:]

Statement of Charles Murray
American Enterprise Institute

Subcommittee on Human Resources
Committee on Ways & Means
Hearing on Welfare Reform
July 29, 1994

Mr. Chairman and Members of the Subcommittee:

My name is Charles Murray. I am a Bradley Fellow at the American Enterprise Institute and conduct research on social policy. Today I want to talk with members of the Subcommittee about the problem of illegitimacy.

Every once in a while the sky really is falling, and this seems to be the case with the latest national figures on illegitimacy. The unadorned statistic is that, in 1991, 1.2 million children were born to unmarried mothers, within a hair of 30% of all live births. How high is 30%? About four percentage points higher than the black illegitimacy rate in the early 1960s that motivated Daniel Patrick Moynihan to write his famous memorandum on the breakdown of the black family.

The 1991 story for blacks is that illegitimacy has now reached 68% of births to black women. In inner cities, the figure is typically in excess of 80%. Many of us have heard these numbers so often that we are inured. It is time to think about them as if we were back in the mid-1960s with the young Moynihan and asked to predict what would happen if the black illegitimacy rate were 68%.

Impossible, we would have said. But if the proportion of fatherless boys in a given community were to reach such levels, surely the culture must be "Lord of the Flies" writ large, the values of unsocialized male adolescents made norms -- physical violence, immediate gratification and predatory sex. That is the culture now taking over the black inner city.

But the black story, however dismaying, is old news. The new trend that threatens the U.S. is white illegitimacy. Matters have not yet quite gotten out of hand, but they are on the brink. If we want to act, now is the time.

In 1991, 707,502 babies were born to single white women, representing 22% of white births. The elite wisdom holds that this phenomenon cuts across social classes, as if the increase in Murphy Browns were pushing the trendline. Thus, a few months ago, a Census Bureau study of fertility among all American women got headlines for a few days because it showed that births to single women with college degrees doubled in the last decade to 6% from 3%. This is an interesting trend, but of minor social importance. The real news of that study is that the proportion of single mothers with less than a high school education jumped to 48% from 35% in a single decade.

These numbers are dominated by whites. Breaking down the numbers by race (using data not available in the published version), women with college degrees contribute only 4% of white illegitimate babies, while women with a high school education or less contribute 82%. Women with family incomes of $75,000 or more contribute 1% of white illegitimate babies, while women with family incomes under $20,000 contribute 69%.

The National Longitudinal Study of Youth, a Labor Department study that has tracked more than 10,000 youths since 1979, shows an even more dramatic picture. For white women below the poverty line in the year prior to giving birth, 44% of births have been illegitimate, compared with only 6% for women above the poverty

line. White illegitimacy is overwhelmingly a lower-class phenomenon.

This brings us to the emergence of a white underclass. In raw numbers, European-American whites are the ethnic group with the most people in poverty, most illegitimate children, most women on welfare, most unemployed men, and most arrests for serious crimes. And yet whites have not had an "underclass" as such, because the whites who might qualify have been scattered among the working class. Instead, whites have had "white trash" concentrated in a few streets on the outskirts of town, sometimes a Skid Row of unattached white men in the large cities. But these scatterings have seldom been large enough to make up a neighborhood. An underclass needs a critical mass, and white America has not had one.

But now the overall white illegitimacy rate is 22%. The figure in low-income, working-class communities may be twice that. How much illegitimacy can a community tolerate? Nobody knows, but the historical fact is that the trendlines on black crime, dropout from the labor force, and illegitimacy all shifted sharply upward as the overall black illegitimacy rate passed 25%.

The causal connection is murky – I blame the revolution in social policy during that period, while others blame the sexual revolution, broad shifts in cultural norms, or structural changes in the economy. But the white illegitimacy rate is approaching that same problematic 25% region at a time when social policy is more comprehensively wrongheaded than it was in the mid-1960s, and the cultural and sexual norms are still more degraded.

The white underclass will begin to show its face in isolated ways. Look for certain schools in white neighborhoods to get a reputation as being unteachable, with large numbers of disruptive students and indifferent parents. Talk to the police; listen for stories about white neighborhoods where the incidence of domestic disputes and casual violence has ben shooting up. Look for white neighborhoods with high concentrations of drug activity and large numbers of men who have dropped out of the labor force. Some will recall reading the occasional news story about such places already.

As the spatial concentration of illegitimacy reaches critical mass, we should expect the deterioration to be as fast among low-income whites in the 1990s as it was among low-income blacks in the 1960s. My proposition is that illegitimacy is the single most important social problem of our time – more important than crime, drugs, poverty, illiteracy, welfare or homelessness because it drives everything else. Doing something about it is not just one more item on the American policy agenda, but should be at the top. Here is what to do:

In the calculus of illegitimacy, the constants are that boys like to sleep with girls and that girls think babies are endearing. Human societies have historically channeled these elemental forces of human behavior via thick walls of rewards and penalties that constrained the overwhelming majority of births to take place within marriage. The past 30 years have seen those walls cave in. It is time to rebuild them.

The ethical underpinning for the policies I am about to describe is this: Bringing a child into the world is the most important thing that most human beings ever do. Bringing a child into the world when one is not emotionally or financially prepared to be a parent is wrong. The child deserves society's support. The parent does not.

The social justification is this: A society with broad legal freedoms depends crucially on strong nongovernmental institutions to temper and restrain behavior. Of these, marriage is paramount. Either we reverse the current trends in illegitimacy -- especially white illegitimacy -- or America must, willy-nilly, become an unrecognizably authoritarian, socially segregated, centralized state.

To restore the rewards and penalties of marriage does not require social engineering. Rather, it requires that the state stop interfering with the natural forces that have done the job quite effectively for millennia. Some of the changes I will describe can occur at the federal level; others would involve state laws. For now, the important thing is to agree on what should be done.

I begin with the penalties, of which the most obvious are economic. Throughout human history, a single woman with a small child has not been a viable economic unit, neither have the single woman and child been a legitimate social unit. In small numbers, they must be a net drain on the community's resources. In large numbers, they must destroy the community's capacity to sustain itself. *Mirabile dictu*, communities everywhere have augmented the economic penalties of single parenthood with severe social stigma.

Restoring economic penalties translates into the first and central policy prescription: to end all economic support for single mothers. The AFDC (Aid to Families With Dependent Children) payment goes to zero. Single mothers are not eligible for subsidized housing or for food stamps. An assortment of other subsidies and in-kind benefits disappear. Since universal medical coverage appears to be an idea whose time has come, I will stipulate that all children have medical coverage. But with that exception, the signal is loud and unmistakable: From society's perspective, to have a baby that you cannot care for yourself is profoundly irresponsible, and the government will no longer subsidize it.

How does a poor young mother survive without government support? The same way she has since time immemorial. If she wants to keep a child, she must enlist support from her parents, boyfriend, siblings, neighbors, church or philanthropies. She must get support from somewhere, anywhere, other than the government. The objectives are threefold.

First, enlisting the support of others raises the probability that other mature adults are going to be involved with the upbringing of the child, and this is a great good in itself.

Second, the need to find support forces a self-selection process. One of the most short-sighted excuses made for current behavior is that an adolescent who is utterly unprepared to be a mother "needs someone to love." Childish yearning isn't a good enough selection device. We need to raise the probability that a young single woman who keeps her child is doing so volitionally and thoughtfully. Forcing her to find a way of supporting the child does this. It will lead many young women who shouldn't be mothers to place their babies for adoption. This is good. It will lead others, watching what happens to their sisters, to take steps not to get pregnant. This is also good. Many others will get abortions. Whether this is good depends on what one thinks of abortion.

Third, stigma will regenerate. The pressure on relatives and communities to pay for the folly of their children will make an illegitimate birth the socially horrific act it used to be, and getting a girl pregnant something boys do at the risk of facing a shotgun. Stigma and shotgun marriages may or may not be good for those on the

receiving end, but their deterrent effect on others is wonderful -- and indispensable.

What about women who can find no support but keep the baby anyway? There are laws already on the books about the right of the state to take a child from a neglectful parent. We have some 360,000 children in foster care because of them. Those laws would still apply. Society's main response, however, should be to make it as easy as possible for those mothers to place their children for adoption at infancy. To that end, state governments must strip adoption of the nonsense that has encumbered it in recent decades.

The first step is to make adoption easy for any married couple who can show reasonable evidence of having the resources and stability to raise a child. Lift all restrictions on interracial adoption. Ease age limitations for adoptive parents.

The second step is to restore the traditional legal principle that placing a child for adoption means irrevocably relinquishing all legal rights to the child. The adoptive parents are parents without qualification. Records are sealed until the child reaches adulthood, at which time they may be unsealed only with the consent of biological child and parent.

Given these straightforward changes -- going back to the old way, which worked -- there is reason to believe that some extremely large proportion of infants given up by their mothers will be adopted into good homes. This is true not just for flawless blue-eyed blond infants but for babies of all colors and conditions. The demand for infants to adopt is huge.

Some small proportion of infants and larger proportion of older children will not be adopted. For them, the government should spend lavishly on orphanages. I am not recommending Dickensian barracks. In 1993, we know a lot about how to provide a warm, nurturing environment for children, and getting rid of the welfare system frees up lots of money to do it. Those who find the word "orphanages" objectionable may think of them as 24-hour-a-day preschools. Those who prattle about the importance of keeping children with their biological mothers may wish to spend some time in a patrol car or with a social worker seeing what the reality of the life with welfare-dependent biological mothers can be like.

Finally, there is the matter of restoring the rewards of marriage. Here, I am pessimistic about how much government can do and optimistic about how little it needs to do. The rewards of raising children within marriage are real and deep. The main task is to shepherd children through adolescence so that they can reach adulthood – when they are likely to recognize the value of those rewards – free to take on marriage and family. The main purpose of the penalties for single parenthood is to make that task easier.

One of the few concrete things that the government can do to increase the rewards of marriage is make the tax code favor marriage and children. Those of us who are nervous about using the tax code for social purposes can advocate making the tax code at least neutral.

A more abstract but ultimately crucial step in raising the rewards of marriage is to make marriage once again the sole legal institution through which parental rights and responsibilities are defined and exercised.

Little boys should grow up knowing from their earliest memories that if they want to have any rights whatsoever regarding a child that they sire – more vividly, if

they want to grow up to be a daddy – they must marry. Little girls should grow up knowing from their earliest memories that if they want to have any legal claims whatsoever on the father of their children, they must marry. A marriage certificate should establish that a man and a woman have entered into a unique legal relationship. The changes in recent years that have blurred the distinctiveness of marriage are subtly but importantly destructive.

Together, these measures add up to a set of signals, some with immediate and tangible consequences, others with long-term consequences, still others symbolic. They should be supplemented by others based on a re-examination of divorce law and its consequences.

That these policy changes seem drastic and unrealistic is a peculiarity of our age, not of the policies themselves. With embellishments, I have endorsed the policies that were the uncontroversial law of the land as recently as John Kennedy's presidency. Then, America's elites accepted as a matter of course that a free society such as America's can sustain itself only through virtue and temperance in the people, that virtue and temperance depend centrally on the socialization of each new generation, and that the socialization of each generation depends on the matrix of care and resources fostered by marriage.

Three decades after that consensus disappeared, we face an emerging crisis. The long, steep climb in black illegitimacy has been calamitous for black communities and painful for the nation. The reforms I have described will work for blacks as for whites, and have been needed for years. But the brutal truth is that American society as a whole could survive when illegitimacy became epidemic within a comparatively small ethnic minority. It cannot survive the same epidemic among whites.

Mr. KOPETSKI [presiding]. Well, thank you for your testimony. We will now hear from Mr. Greenstein

STATEMENT OF ROBERT GREENSTEIN, EXECUTIVE DIRECTOR, CENTER ON BUDGET AND POLICY PRIORITIES

Mr. GREENSTEIN. Thank you, Mr. Chairman. There is certainly a broad consensus that the welfare system needs major reform and that rising rates of out-of-wedlock births are a very serious national problem. The question, as both Greg Duncan and Charles Murray have just discussed, of the relationship between welfare and out-of-wedlock births is a very complex one.

As Greg indicated, most researchers looking at this have concluded that if there is a relationship, it is a modest one, and that welfare is not one of the driving or primary forces behind out-of-wedlock births. That is what the statement that Greg mentioned concludes. What are some of the reasons for that?

One is that the trend toward increased out-of-wedlock childbearing is a societywide phenomenon. It is not concentrated just among the poor or the less educated. Two-thirds of all women who give birth out of wedlock are not poor in the year prior to their pregnancy. In addition to that, we are now at the point where two-thirds of those who give birth out of wedlock have at least a high school diploma, and the rates are rising rapidly among those with a college education.

There is actually a statement, I think on the front of Mr. Murray's prepared testimony, that the proportion of those giving birth out of wedlock who are high school dropouts has gone up in the last decade. All of us—I certainly have done this more than once, I am happy to admit—incorrectly confused these complicated census tables. But the census data actually show the opposite is true, and that the proportion of women giving births out of wedlock who are high school dropouts has dropped significantly in the past decade, not gone up.

Another area where the data are complex. Of those giving birth out of wedlock, many of them subsequently do go on welfare at some point. I think June O'Neill will talk about that in the next panel. On the other hand, a very large proportion—we were looking at this last night; we have not completed the analysis of the survey data—but it appears that a large majority, perhaps about two-thirds, of unmarried mothers with a high school education or more do not receive welfare in the year after the birth of their child. Three-fifths of women who bear a child outside of wedlock are not getting AFDC 3 years later.

Yes, many do go on at some point, in many cases for a temporary period of time and then get off. But if welfare were the driving factor here, one would expect larger proportions to go on welfare pretty much immediately after having a child.

As Greg Duncan has noted, benefits have fallen significantly in recent decades. AFDC and food stamp benefits combined, in the average States, are now down about 25 percent in purchasing power. They are back to the level of AFDC benefits alone in 1960 before the food stamp program was created. If welfare were the primary cause here, the rates of out-of-wedlock births should have either

fallen or risen more slowly as welfare benefits declined, but they did not.

Now, the point is sometimes made that if you look at the total welfare package you get a different picture. The problem with that point is that it generally includes the surging cost of Medicaid. Medicaid costs have soared in recent decades, but that is primarily because Medicaid payments to doctors and hospitals have exploded in public and private sectors alike. That medical providers charge escalating amounts for services does not help poor families pay rent, heat their homes, or buy clothes. It does not alter what, to a mother, the welfare package gives her to buy. So we cannot use Medicaid in this fashion to mask what is indeed a drop in the value of the welfare package.

Also, if welfare were the driving force here, we would expect more significant differences in out-of-wedlock childbearing between States with high welfare payments and States with low welfare payments, but we do not see it. Consider Mississippi and New Jersey. New Jersey has 58-percent higher welfare payments, including food stamps in the package, than Mississippi. However, the proportion of both black children and white children living in single-parent families is nearly identical in the two States.

Essentially, as Greg has noted, as the statement of these researchers indicates, there has been a lot of research in this area. As Charles Murray has just mentioned, some studies find a relationship, many studies do not. Also, as he noted, the studies that find a relationship tend to find it among whites and not among blacks. Looking at all of the data, most researchers have concluded that if there is an effect, it is a modest one and not the driving force behind out-of-wedlock childbearing.

Further complicating this, let me talk about white people, as Charles has, in his Wall Street Journal article and in his testimony today. The issues here also are complex. I would dissent from his prediction that the rising rates of white out-of-wedlock childbearing are leading us toward a white underclass that mirrors the unfortunate conditions we see in black inner-city areas.

White poverty, including white single-parent poverty, is far less concentrated than black poverty is. The proportion of whites that live in high poverty areas is a small fraction of the proportion of poor blacks that do. Moreover, two-thirds of white women who give birth outside of marriage subsequently marry. Three-fifths of white women who have a child outside of marriage are not poor 3 years later. Three-quarters of white women who bear a child outside marriage never have another nonmarital birth.

In short, while we need to be very concerned about these rising rates, particularly among whites, the white women having children out of wedlock are a very diverse group. They are not uniformly underclass members. They are not uniformly welfare recipients. As I said, most of them subsequently marry and are not poor.

A few final comments on where this leads in the policy area.

Given this research, there is really not a basis for proceeding to say that the answer is reducing or eliminating benefits for women based on their marital status or their age. The welfare system certainly is in need of change, and we have to be particularly concerned about teen mothers.

We are beginning to get results, as I think the next panel might discuss, of some interventions for teens that seem to be having some success in increasing school attendance. I think we should build on those initiatives. Those typically provide higher benefits to teens who stay in school and reductions in benefits; sanctions for teens who do not adequately attend school.

If teens are totally cut off and get no benefits whatsoever, there is nothing to increase or decrease. And if most of them have children out of wedlock anyway—if for the sake of argument you accept, which I do not, Charles' figure that you would get a 50-percent reduction in white out-of-wedlock births, which I would think is a very high figure, when you factor in and weigh black childbearing as well, under his own figures a majority of the out-of-wedlock births would still occur. And if we then have no tools, sanctions, incentives, work and training programs that do improve earnings to help move them to self-sufficiency and off of welfare, we will not be able to make progress for that group.

So let me essentially conclude by reiterating the statements of the researchers that this is a source of very deep concern; that welfare does not appear to be the driving force here. There are many other factors: Changed sexual mores, increased proportions of women in the labor market, and others. We need to be careful not to oversimplify this.

The evidence does show that poverty is injurious to children. And as the researchers' statement concluded, if we proceed down the path of taking groups of single parents and denying assistance to them and their children based on their marital status and age, even if they are playing by the rules, complying with work requirements and attempting to become self-sufficient, the principal result is likely to be an increase in child poverty, perhaps in homelessness, and perhaps even in family dysfunction.

Thank you.

[The prepared statement follows:]

TESTIMONY OF ROBERT GREENSTEIN, EXECUTIVE DIRECTOR CENTER ON BUDGET AND POLICY PRIORITIES

Subcommittee on Human Resources
House Ways and Means Committee
June 29, 1994

Thank you for this opportunity to testify on issues of welfare reform, early childbearing, and out-of-wedlock births. I am Robert Greenstein, executive director of the Center on Budget and Policy Priorities. Some time ago, in the late 1970s, I served as Administrator of the Food and Nutrition Service, the USDA agency that administers the food stamp program and other food assistance programs. Currently I also serve as a member of the Bipartisan Commission on Entitlement and Tax Reform appointed by President Clinton and the Congressional leadership.

There is strong consensus that the welfare system is deeply flawed and major change is needed. The welfare reform debate has broadened in recent months from a debate primarily about how best to move people from welfare to work to one that also includes discussion about the large numbers of children born outside of marriage. The enlargement of the debate reflects, in part, increasing awareness of the large and growing proportions of births occurring out of wedlock.

Central to this debate is the question of welfare's role in this phenomenon. Some argue that welfare is the primary cause of the rise in births outside marriage and propose eliminating all support for single-parent families with children (or, in some cases, for families in which the children are born out of wedlock). One of the other members of this panel, Charles Murray, is a leading proponent of such a view.

Anyone concerned about the well-being of children must be deeply troubled by the increasing numbers of children born outside of marriage. And in dealing with this difficult question we must weigh the research in the area very carefully. We must understand what it shows and be careful not rush to embrace conclusions and policy prescriptions that are not supported by the weight of the evidence.

Some endorse both Charles Murray's analysis and his prescriptions. Others assume his analysis is authoritative but dissent sharply from his policy recommendations. Like the bulk of researchers in the field, however, I believe the research indicates that the story is far more complex — and in some ways quite different — than Mr. Murray portrays it. It is not only his prescriptions that are troubling, and in my view, flawed, but his analysis as well.

I. TRENDS IN OUT-OF-WEDLOCK CHILDBEARING

Let's start with an examination of trends in out-of-wedlock childbearing. The overall out-of-wedlock birth rate — that is, the number of births for every 1,000 unmarried women of childbearing age — rose from 26.4 in 1970 to 45.2 in 1991. In other words, there were 26.4 births for every 1,000 unmarried women of childbearing age in 1970. In 1991, there were 45.2 such births for every 1,000 women.

During this period, the trends diverged for blacks and whites. Among black women, the out-of-wedlock birth rate dropped modestly from 95.5 in 1970 to 89.5 in 1991. (The black rate reached its lowest point of this period in 1984 when it stood at 77.) Among whites, the out-of-wedlock birth rate rose during the same period.

The *proportion of births that are out-of-wedlock* differs from the *out-of-wedlock birth*

rate. Among whites and blacks alike, the proportion of births that are births to unmarried women has risen over the past 20 years. This is due partly to the rise in the out-of-wedlock birth rate and partly to two other factors. First, the proportion of women of childbearing age who are unmarried is much higher than it was in the past. Second, the birth rate among married women has fallen considerably. In other words, a larger proportion of women are unmarried than in the past, and those who are married have fewer children than they used to. Both factors have played an important role in increasing the proportion of births that occur outside of marriage. (The increase noted above in the white out-of-wedlock birth rate — that is, in the proportion of white unmarried women who bear children — pushes to higher levels the proportion of all births that are taking place outside of marriage.)

To investigate why these trends are occurring, it is important to identify the groups of women among which the trend toward increased out-of-wedlock childbearing is found. To be sure, poor women are more likely than non-poor women to give birth outside of marriage. But the evidence demonstrates that the trend toward increased out-of-wedlock childbearing is a society-wide phenomenon and is not concentrated among the poor or the less educated.

II. NONMARITAL CHILDBEARING IS A SOCIETY-WIDE TREND

Data from the National Longitudinal Survey of Youth (NLSY), a large survey that has tracked 12,000 youth each year since 1979, and unpublished data from the Census Bureau demonstrate that nonmarital childbearing is increasingly a society-wide phenomenon.[1]

- Data from the NLSY show that two-thirds of women who give birth outside of marriage are not poor in the year prior to their pregnancy.

- In addition, out-of-wedlock births are rising rapidly among more educated women — those with at least a high school diploma. By 1992, two-thirds of all mothers who had *never* been married — the group about which we are most concerned — were high school graduates. In addition, in the 15 years from 1977 to 1992, out-of-wedlock birth rates rose particularly sharply among women with college education. (In 1977, few of the white, never-married women aged 25-34 who had graduated from college had borne children; for every 1,000 such women, there were only 15 children to whom they had given birth. By 1992, the picture had changed. For every 1,000 white never-married women aged 25-34 with a college degree, 91 children had been born — a six-fold increase. Similarly, the number of children that had been born to black never-married women with some college education — but not necessarily a college degree — increased 67 percent during this period.[2,3])

---

[1]The 12,000 respondents were between the ages of 14 and 21 in 1979, the year the survey began, and have been interviewed annually since.

[2] Data are from *Fertility of American Women: June 1992* and *Population Profile of the United States: 1997*, U.S. Department of Commerce, Bureau of the Census.

[3] This has been an area of particular misunderstanding, in part due to an error in the first few paragraphs of Mr. Murray's well-known and often-quoted *Wall Street Journal* article of last October. In his article, Murray belittles the increase in out-of-wedlock births among college graduates as "an interesting trend, but of minor social importance. "The real news," Murray stated, "is that the proportion of single mothers with less than a high school education jumped to 48 percent from 35 percent in a single decade."

In fact, the Census report entitled *Fertility of American Women, 1992* shows that the proportion of single mothers with less than a high school education *declined*, rather than rising as Murray asserts. In 1982, some 40 percent of mothers who had never been married lacked a high school diploma. By 1992, the

In short, the rise in out-of-wedlock births is a society-wide trend, a point also made by the General Accounting Office in its recent report entitled, "Families on Welfare: Sharp Rise in Never-Married Women Reflects Societal Trend." In this report, the GAO states, "The growth in the proportion of women who never married was the most dramatic change we found among the group of single women receiving AFDC. This change paralleled a broader societal trend among all single mothers. Among all single mothers, the proportion who never married almost tripled over the same period."

Moreover, out-of-wedlock childbearing has not only risen here in the United States, but has also risen in recent decades throughout Western industrialized countries, most of which have very different social welfare policies than we do. In 1960, four percent of the children born in France and five percent of those born in England were born out of wedlock. By 1988, this had climbed to approximately 27 percent in both countries. Divorce rates in Western industrialized countries have also increased, as they have here.

III. TRENDS IN TEEN CHILDBEARING

Many Americans believe the rising tide of out-of-wedlock births is fueled by a surge of teenage pregnancies and that most out-of-wedlock births occur to teen-age girls. The belief that teen-age mothers are responsible for most out-of wedlock births is mistaken. Seventy percent of out-of-wedlock births occur to women age 20 or older. Only 12 percent — still a disturbing amount — occur to women under the age of 18.

Nevertheless, teenage childbearing is cause for serious concern. Many welfare recipients have their first child as a teen. And as is well known, teen mothers are among those most likely to remain poor and on welfare for long periods of time. It makes sense to examine the trends concerning teen childbearing.

These trends are mixed. In 1955, there were 90 births for every 1,000 women between the ages of 15 and 19. By 1991, this had *declined* to 62 births for every 1,000 teen-age women. The teen birth rate reached its lowest point in 1986 when there were 50 births per 1,000 teen-aged women. While it has climbed somewhat since then, the teen birth rate is still far below the level of the 1950's and 60's.

On the other hand, these figures encompass all births to teen-agers, including births to both married and unmarried teens. While the overall teen birth rate has fallen, the birth rate among unmarried teens has increased. In 1960, fewer than one-sixth of teen births occurred outside marriage. In 1991, more than two-thirds of such births did.

IV. FACTORS INFLUENCING TEEN CHILDBEARING

What factors influence teen childbearing? Researchers who study this matter have found that teen-agers who are failing in school and come from disadvantaged families are the teens most likely to become parents. Princeton sociologist Kristen Luker observed in a 1991 *American Prospect* article:

Two kinds of background factors influence which teens are likely to

---

proportion of never-married mothers who had not graduated from high school had fallen to 34 percent. At the same time, the proportion of never-married mothers who not only graduated from high school but also obtained some postsecondary education rose from 16 percent to 26 percent during this period.

become pregnant and give birth outside of marriage. First is inherited disadvantage. Young women from families that are poor, or rural, or from a disadvantaged minority are more likely to be teen mothers than their counterparts from more privileged backgrounds. Yet young mothers are not just disadvantaged; they are also discouraged. Studies suggest that a young woman who has other troubles — who is not doing well in school, has lower 'measured ability,' and lacks aspirations for herself — is also at risk of becoming a teenaged mother.

Two other researchers, Brent Miller and Kristin Moore, have examined the relationship between contraceptive use, academic achievement, and future aspirations. In a 1990 article in the *Journal of Marriage and the Family*, they reported that teens who "have high educational expectations and school success are more likely to use contraception effectively." They also reported that "the decision to obtain an abortion is more frequently made by teens who are enrolled in school, and who have higher educational aspirations."

It is interesting to note that the teen birth rate in the United States is much higher than that in other western industrialized countries with more generous welfare benefits. While the U.S. teen birth rate is 62 per 1,000 young women under age 20, the teen birth rate in the Netherlands is 6. In France the rate is 9. It is 10 in Italy, 17 in Norway, 22 in Australia, 25 in Canada, and 33 in the United Kingdom.[4]

V. WELFARE AND OUT-OF-WEDLOCK CHILDBEARING: WHAT IS THE EVIDENCE?

There is strong consensus that the increase in the proportion of children being raised in single-parent families represents a problem of major dimensions. But the question of what lies behind this trend is a complicated one. There is a considerable body of research on this question. The research strongly indicates that welfare is not one of the primary causes of out-of-wedlock births.

First, if welfare were the principal cause of the rising tide of out-of-wedlock births, one would expect out-of-wedlock births to be increasing primarily among low-income, less-educated women. As noted above, however, the rise in childbearing by unmarried mothers has occurred among high school graduates, those with college education, and school dropouts alike. About 70 percent of unmarried mothers with a high school education or more do not receive welfare in the year after the birth of their child. Even among those without a high school diploma, more than half do not receive welfare in the first year following the birth of the child. While about half of all young women who have a child outside marriage receive welfare at some point during the three years after having the child, one would expect that if welfare were causing or "enabling" these unmarried women to have children, many more would go on welfare prior to or immediately upon having a child. That this does not occur weakens the argument that welfare is the driving force behind these women's behavior.

Also of note is the fact about three-fifths of women who bear a child outside of marriage are not receiving any AFDC benefits three years after the child's birth. If welfare were the primary cause of out-of-wedlock childbearing, one might expect that the vast majority of mothers who have children outside of marriage would remain on welfare for long periods of time. This is not the case.

Furthermore, since the early 1970s, welfare benefits have fallen sharply in purchasing power; AFDC benefits in the median state are 45 percent lower today than in 1970, after adjusting for inflation. (This is for a family of three with no other income,

---

[4]Data are from Kristin Moore, Ph.D.

the standard way of measuring these benefit trends.) If food stamps are included, the drop is about 25 percent. In fact, AFDC and food stamp benefits *combined* in the average state have now receded to the level of AFDC benefits *alone* in 1960, before the food stamp program was even created. If welfare were the primary cause out-of-wedlock births, the rate of out-of-wedlock births should have fallen — or risen more slowly — as welfare benefits declined. It didn't.

Some have responded to this point by claiming that the total value of the "welfare package" has continued to rise in recent decades. But the value of the "welfare package" has increased only if one counts the surging cost of Medicaid as representing a major liberalization of the welfare package provided to recipients. While Medicaid costs have soared during this period, this is not because the Medicaid benefit package has been substantially expanded. To the contrary, Medicaid costs have exploded primarily because health care costs nationwide — in both the public and the private sectors — have spiraled out of control. That medical care providers charge escalating amounts for their services does not help poor families pay rent, heat their homes, or buy clothes — and does not alter the reality that the "welfare package" enables mothers to buy much less of life's necessities than it formerly did. The rising cost of Medicaid does not make it easier for poor mothers to raise their children and pay their bills and does not make motherhood more attractive to a single woman. The rising hospital and doctor charges that characterize Medicaid should not be used to mask the drop in welfare benefits that clearly has occurred.

Some argue that the value of the welfare package *relative* to the "marriage package" — the income a mother and her children would receive if the mother married — has increased due to the rising costs of health care and the falling wages of low-skilled men. That, in turn, could influence a woman's decision to marry. Fortunately, the recently expanded earned income tax credit will substantially raise the real earnings of low-income working families — including two-parent families that will form if low-income fathers marry women who otherwise would go on AFDC. When fully phased in, the earned income tax credit will offer low-income working parents up to $3,400 in refundable tax credits. This should reduce the attractiveness of welfare relative to work or to marriage to a low-wage spouse.

Even if one assumes that the welfare package has increased relative to the marriage package, this is due not to the welfare system, but rather to changes in the labor market and problems with the health care system that leave many low-income families that are not on welfare without health care coverage. If the recently expanded earned income tax credit is coupled with universal health care coverage and affordable child care, then marriage to a low-wage working man should become more attractive to a single mother. A minimum wage job coupled with the earned income tax credit will be worth over $6,000 more than the AFDC grant in the median state.[5] If such a job is coupled with guaranteed health care and affordable child care, marriage to a low-wage worker should become substantially more attractive financially than welfare to a young mother. In other words, such policy changes, coupled with the expanded EITC, could create positive incentives to marry.

Similarly, if welfare were the principal cause of high and growing rates of out-of-wedlock births, one would expect states with high welfare benefits to have higher out-of-wedlock birth rates — and a higher proportion of children living in single-parent families — than states with low benefits. While Murray claims it is the existence of welfare rather than the level of benefits that induces high rates of out-of-wedlock childbearing, the differences in state benefit levels are sufficiently large that if welfare were the main cause of the formation of single-parent families, we would expect to see a substantial correlation between state benefit levels and the proportion of children in

---

[5] The earned income tax credit is calculated based on a family with 2 or more children.

single-parent families. However, the data on this matter do not support the hypothesis of a strong connection between welfare and out-of-wedlock childbearing.

For example, compare Mississippi and New Jersey. The combined value of AFDC benefits and food stamps is $412 per month for a family of three in Mississippi, while a similar family in New Jersey receives $650, or 58 percent more. If AFDC were the driving force behind out-of-wedlock births and the formation of single-parent families, the much larger benefits in New Jersey should result in a higher proportion of children in that state living in single-parent families. But this isn't the case. In both states, about 50 percent of black children and 14 percent of white children live in single-parent families, despite the large difference in AFDC benefit levels. More sophisticated statistical analyses of the relationship between state welfare benefits and out-of-wedlock births have generally found no correlation — or only a small correlation — between benefit levels and nonmarital childbearing. Even if one believes that welfare benefits have an effect on nonmarital childbearing, falling welfare benefits make it difficult to argue that welfare has been a large factor behind the increase in out-of-wedlock births.

The question of whether welfare is a major cause of the increase in out-of-wedlock births is not a new one. It has been studied extensively. Most studies in the area find little relationship between welfare benefits and out-of-wedlock births. In fact, in an academic journal article that Charles Murray himself published in early 1993, he acknowledged that numerous studies have found no such connection and that those studies that did find a connection generally found it among whites and not among blacks.

Robert Moffitt, a Brown University economist who is widely regarded as one of the leading authorities in this area and whose work is widely regarded by researchers of all viewpoints, last year published the results of an exhaustive review of the research on this issue. In a 1993 *Yale Law & Policy Review* article, Moffitt concluded: "The research on this issue, however, shows little relationship between illegitimacy or marriage and receipt of welfare benefits." Even among researchers who think such a connection may exist, the general view is that welfare is only a small factor in a woman's decision to have a child outside of marriage.

A group of 76 prominent researchers who work in the field of poverty, the labor market, and family structure recently issued a joint statement on the subject of welfare and out-of-wedlock childbearing. These researchers, who represent diverse academic disciplines, institutions, and viewpoints concurred with the following statement:

> Most research examining the effect of higher welfare benefits on out-of-wedlock childbearing and teen pregnancy finds that benefit levels have no significant effect on the likelihood that black women and girls will have children outside of marriage and either no significant effect, or only a small effect, on the likelihood that whites will have such births. Indeed, cash welfare benefits have fallen in real value over the past 20 years, the same period that out-of-wedlock childbearing increased...[T]he evidence suggests that welfare has not played a major role in the rise in out-of-wedlock childbearing.

VI. OUT-OF-WEDLOCK BIRTHS AND PUBLIC POLICY

Several welfare reform bills now before Congress contain provisions that relate to these issues. Two bills include provisions that would make certain categories of single-parent families ineligible for basic cash assistance. The "House Republican welfare reform bill," H.R. 3500, requires states to deny AFDC benefits to minor single mothers and their children unless a state passes legislation opting out of this provision.

There are no good cause provisions. The Real Welfare Reform Act, H.R. 4473, introduced by Representative Jim Talent (R-MO) goes still further. Under this bill, children born to unmarried mothers under age 21 — or older at state option — would be ineligible for AFDC, food stamps, and housing assistance. Four years after enactment, children born to unmarried women under age 26 (or higher at state option) would be ineligible for these benefits. These children and their parents would remain *permanently* ineligible for any assistance under these programs unless the parent subsequently married the child's father or another person who accepted financial responsibility for that child. In addition to these provisions, many bills include child exclusion or "family cap" provisions that deny AFDC benefits to children born to a mother already receiving assistance. Each of these provisions appear to be based on the premise that welfare is the driving force behind women's decisions to have children outside of marriage. As noted above, the research does not support this belief.

Given the research in this field, there is no basis for assuming that provisions such as these would have dramatic effects on out-of-wedlock childbearing rates. One virtually certain effect, however, is that poor children would become poorer. Another effect would be that public policy would have fewer tools with which to intervene and attempt to improve the prospects — and the behavior — of those who have given birth outside of marriage.

While the welfare system is in need of major change, simple solutions such as making certain groups of poor children and their mothers ineligible for benefits are not a wise course to follow. Welfare reform should address the complex nature of the problems. For teens, it should include provisions that test new approaches to reducing teen pregnancy, followed by widespread implementation of those approaches found effective. It also should build on programs that have been proven effective at increasing school attendance among teen parents receiving AFDC. And, for all families, it ought to include significant improvements in child support enforcement so that *both* parents understand that if they have a child, they will be held responsible for that child. (This is in sharp contrast to Charles Murray's policy recommendation that child support obligations be ended for fathers who have children outside of marriage.)

Several recent evaluations of programs for teen parents on AFDC have produced some encouraging results and suggest that certain types of targeted interventions for this population are appropriate. These programs, including Ohio's Learning, Earning and Parenting (LEAP) program and the Illinois and New Jersey Teenage Parent Demonstrations, significantly increased rates of school attendance in the short term among teen parents. By improving school attendance, there is hope these programs will produce increases in high school graduation, and in the longer term, better enable teen parents to find jobs that are self-supporting. Each of the programs combined a mix of requirements and incentives and an array of services including case management and support services. The LEAP program relies on a combination of AFDC bonuses and sanctions tied to school attendance. The program also included case management and supportive services such as child care and transportation assistance. The Teenage Parent Demonstrations also relied on financial penalties tied to participation as well as more intensive case management. Neither of these interventions could have been mounted if the teen parents had not been eligible for AFDC benefits; obviously, benefits can"t be raised for school attendance and lowered for missing school if there are no benefits to begin with.

VII. INSTITUTIONALIZING CHILDREN

Proponents of provisions that would make children and their parents ineligible for assistance contend that their proposals would not harm children. But the question must be asked: what would happen to these children if their parent is unable to find work and there is no AFDC? The family may be unable to pay rent and purchase

necessities. Homelessness and hunger could increase. Murray argues that the consequences of homelessness can be avoided by placing these children for adoption. He argues there are an ample number of families willing and able to take these children and that children for whom no adoptive home can be found would be placed in orphanages. Many of the children in families that come onto AFDC are not newborn babies, however, but older children who have already grown attached to their parents. Psychologists have long recognized the importance of children's attachments to their caregivers and have noted that disruptions in the relationship between the child and the caregiver places the child at risk for developmental problems. Most notably, children separated from a caregiver may have difficulties forming other attachments to adults. The attachment between a child and his/her caregiver forms during the first two years of life. Children need caring relationships with adults to navigate childhood and adolescence successfully. Furthermore, while there may be a large demand for infants, fewer placements are available for older children (particularly older minority children) and children with disabilities.

H.R. 4473 also envisions increased institutionalization of children. The bill makes children born to unmarried mothers under age 21 (or a higher age level at state option) and their parents ineligible for assistance not only while the mother is under 21 but throughout the child's entire childhood. This means that a 30-year-old mother with a 12-year-old child who had never before received welfare benefits would be ineligible for assistance if she lost her job and needed AFDC. H.R. 4473 provides grants to states to promote adoptions, establish orphanages, and create group homes to care for the children who would be ineligible for welfare. Perhaps the authors of the bill share Mr. Murray's view that many children would receive better care in an institution than in the home of a poor single mother. But this means that significant numbers of children would be taken from their parents and placed in orphanages because the parent is impoverished, not because the parent is poor at parenting or abusive, which are the reasons most children are taken from their parents today. Moreover, the part of the current social welfare system designed to protect children from abusive and neglectful homes is already overwhelmed; as a result, children often linger in inadequate care for long periods of time. They grow up with no permanent families.

Proponents of these policies argue that these harsh steps are justified because the consequences of bearing a child outside of marriage are so universally destructive. It is true that children who grow up in poor, single-parent families are less likely to graduate from high school and are more likely to become teen parents than other children. But it should be remembered that *most children who grow up in single-parent families finish high school, do not become criminals, and — if they are girls — are not welfare dependent as adults.* Research by noted sociologist Sara McLanahan shows that while both poverty and family structure influence educational attainment, most children living in single-parent families do graduate high school. More than half of all children living in the most disadvantaged families — families headed by a single mother who did not herself graduate from high school — receive their high school diploma. Furthermore, approximately 80 percent of girls who grow up in such families do not become teen parents. Similarly, poverty researcher Greg Duncan has found that two-thirds of girls who grow up in families that rely on welfare for a substantial part of the girl's adolescence are completely independent of welfare in early adulthood. In short, terminating assistance for single-parent families and their children would plunge deeper into poverty large numbers of families whose children would otherwise go on to lead decent, productive lives. In many cases, it likely would also increase social dysfunction among such families and children.

In light of the evidence indicating that most children who grow up even in these disadvantaged circumstances graduate from high school and are independent from welfare, the belief that these children would be better off and better socialized if they were taken from their parents, often to be placed in orphanages, is difficult to understand. It is not supported by research evidence. Furthermore, in recent years,

there has been a move away from group care settings — especially for younger children — in recognition of the fact that such settings deny children the individual attention and continuity of care critical to their development. Proposals to institutionalize children are in direct contrast to the growing movement to help families in crisis work out their problems so children can stay with their families rather than be placed in foster care.

Finally, it is interesting to note that while research by Sara McLanahan has shown that children who live in single-parent families due to divorce have many of the same problems as those whose parents never married, few policymakers propose denying assistance for mothers and children in cases of divorce. McLanahan recently wrote:

> Children born to unmarried parents are slightly more likely to drop out of school and become teen mothers than children born to married parents who divorce. But the difference is small when compared to the difference between these two groups of children and children who grow up with both parents. What matters for children is not whether their parents are married when they are born, but whether their parents live together while the children are growing up...Remarriage is another instance where the conventional wisdom is wrong. Children in stepfamilies don't do better than children of mothers who never remarry. Despite significantly higher income and the presence of two parents, the average child in a stepfamily has about the same chance of dropping out of high school as the average child in a one-parent family.[6]

VIII. THE EFFECT OF POVERTY ON CHILDREN

Policies that deny benefits to groups of poor children based on the parents' age or marital status will make poor children poorer. This is important. There is strong evidence that poverty harms children.

For example, a recent study on poverty and child development found that "Poor children are more likely to be low height-for-age, low weight-for-height, and to score poorly on indicators of cognitive and socioemotional development than middle- and upper-income children. Long-term economic disadvantage is also associated with deficits in rates of growth in height."[7] Poor children also are more likely to develop academic skills more slowly than nonpoor children, to drop out of high school and to become teen parents than are more affluent children.

IX. ADDITIONAL POLICIES THAT THREATEN POOR CHILDREN

One measure of the effectiveness of welfare reform should be the number of children and families lifted from poverty. As noted, I fear that a principal effect of provisions to deny benefits to children and their parents based on the mother's age and marital status would be to make many poor children still poorer rather than less so. Several other provisions in bills before the Subcommittee also could have an adverse effect on child poverty.

---

[6]Sara McLanahan, "The Consequences of Single Motherhood." *The American Prospect*. Summer 1994.

[7]See "Poverty, Nutritional Status, Growth and Cognitive Development of Children in the United States" by Jane Miller and Sanders Korenman. Princeton University's Office of Population Research Working Paper Series. June 1993.

For example, H.R. 3500 includes a provision that denies AFDC benefits to children for whom paternity has not yet been established even when the mother has fully cooperated with the child support enforcement agency. State child support agencies often take one to two years to establish legal paternity; children would be denied benefits during this period.

In addition, several bills contain a provision that either requires or allows states to terminate *both* cash assistance and an employment opportunity for poor families after a given period of time. Under such approaches, a parent would be placed in a work program following a two-year time limit on AFDC. But after three years in the work program, a parent and her children could be cut off entirely even if the mother had faithfully complied with all work requirements.

X. PATERNITY ESTABLISHMENT REQUIREMENTS

Under H.R. 3500, children for whom paternity has not been legally established would be ineligible for AFDC benefits. Their ineligibility would be maintained even if the mother has cooperated with state officials by providing all the information she has about the father. States could exempt themselves from this provision by passing state legislation.

Under current law, single mothers applying for or receiving AFDC are required to cooperate with the state in establishing both paternity and child support orders. A mother must tell the state what she knows about the identity and location of the likely father, go to the child support office for interviews, provide documents (e.g. birth certificates), appear as a witness, give sworn testimony, and turn over to the state any child support payments she receives directly from the father. In addition, if requested to do so, she must submit to genetic tests. It is then the state's responsibility to pursue paternity through a court or administrative process. Under current regulations that govern paternity, if a woman with a newborn approaches the child support agency asking for help in establishing paternity and collecting child support (or if she is referred to the agency by the welfare system), the state has at least 18 months to establish paternity and longer if there are delays in locating the noncustodial parent and serving him with notice that paternity proceedings are being brought.[8]

During that time, the mother often has little ability to speed up the process. As the Interstate Commission on Child Support Report noted, many caseworkers have 1,000 cases, making it difficult to expedite action on these cases. In addition, some states have systems that are antiquated and sometimes make it difficult even for fathers who want to establish paternity voluntarily to do so quickly. Major studies conducted during the last few years, including a national study conducted by the Urban Institute, demonstrate that the structure of a state's paternity system has a profound effect on the likelihood that paternity will be established and how long it will take. As a result, state paternity establishment rates vary widely. According to the Office of Child Support Enforcement's 17th Annual Report to Congress, West Virginia had the highest paternity establishment rate. Its IV-D agency established paternity in 85 percent of the cases that needed paternity establishment. Oklahoma, by contrast, established paternity in only three percent of its cases. Unless women in Oklahoma are very different from women in West Virginia, these data suggest that state processes, rather than the cooperation of mothers, largely determine state paternity establishment rates.

---

[8]The "IV-D" agency is charged with enforcing child support payments to children applying for or receiving AFDC and to children whose custodial parents ask for assistance from the agency. These IV-D agencies are required to assist parents asking for help regardless of their income status. The IV-D cases include about half of all single parent families.

Congress has already taken some steps to improve state performance in paternity establishment, most recently in last year's Reconciliation Act. While these changes — and others that Congress hopefully will make in enacting new welfare reform legislation — should improve paternity establishment, the changes will take time to implement. Furthermore, the changes may have only modest effects on paternity establishment for older children (for whom such reforms as improved procedures for establishing paternity in hospitals at the time of birth will have no effect). Until these changes are implemented and research can document the degree of improvement in state systems, policy should not move toward punishing poor children who are waiting for backlogged state agencies to establish their paternity.

XI. ELIMINATING AID WHEN PARENTS CAN'T FIND WORK

H.R. 3500 gives states the option of eliminating all cash assistance for a family after a parent has worked in exchange for the family's benefits for three years. H.R. 4414 mandates that states must limit the work program to three years, although some extensions are allowed. Both of these provisions would affect parents and children in families in which the parent has demonstrated her willingness to work by complying with a nearly full-time work requirement for three years. Furthermore, under the provisions in H.R. 3500, most parents would have worked nearly full-time during this three-year period at a subminimum wage rate, so their willingness to work should not be in question. (In the median state, they would have to work off their benefits at an hourly wage rate that equalled $2.46 per hour.)

Under H.R. 4414 (the McCurdy bill), most families that exhaust their three years in the work program would remain permanently ineligible for both cash assistance and a work opportunity. This would mean that a family that exhausted its benefits and reapplied for assistance five years later, following either remarriage and divorce or loss of a job, would be unable to receive even a work slot. (As noted, states would have the option to enact such a time-limited work program under H.R. 3500.)

In a national economy in which approximately six percent of the labor force is unemployed, it is likely that many AFDC parents with limited skills will be unable to secure paid employment. This is particularly true in those localities where unemployment rates are above the national average and there is a surplus of low-skilled workers relative to the number of low-skilled jobs. To cut off both cash assistance and a work slot for families in these circumstances effectively tells families that if they work hard and play by the rules, but the local labor market has no place for them, they will have no means by which to support their children.

XII. SANCTION POLICY

Policymakers also should think carefully about how to design sanctions. Sanction policy should strike the appropriate balance between penalizing undesirable behavior and recognizing the impact that sharp income reductions could have on children in very poor families.

Both H.R. 3500 and the Work and Responsibility Act (H.R. 4605) include substantially tougher sanctions than exist under current law. Both bills include "full-family sanctions," that is, the total elimination of any cash assistance (or access to a work slot) for both parents and children.

No research has been conducted on the effects of sanctions of this nature. It is worth noting that the much-acclaimed JOBS program in Riverside County, California achieved its impressive results using the current JOBS sanction structure. Well-funded welfare-to-work programs, such as the GAIN program in California and the San Diego SWIM Program (Saturation Work Initiative Model), achieved significant earnings gains

and high participation rates without more severe sanctions than were enacted under the Family Support Act of 1988.

XII. CONCLUSION

My conclusion is essentially the same as that of the 76 researchers who issued the joint statement. Rising rates of out-of-wedlock births ought be a source of deep concern. But welfare does not appear to be the driving force here. Other factors such as changed sexual mores, decreased economic opportunity for low-skilled young men and women, the increased proportions of women who are in the labor market, and deteriorating neighborhood conditions are among the potential contributing factors. As the researchers noted, "focusing on welfare as the primary cause of rising rates of out-of-wedlock childbearing vastly oversimplifies this complex phenomenon."

While the weight of the evidence does not support the view that welfare is a primary cause of out-of-wedlock births, the evidence does indicate that poverty is injurious to children. This leads to the conclusion that proposals to deny both cash assistance and a work slot to unmarried parents and their children would be ill-advised. As the researchers said: "...the damage done to children by denying assistance to their families would be far too great to justify eliminating the safety net for them."

Major welfare reform is badly needed in such areas as moving many more recipients from welfare to work, greatly strengthening child support enforcement, addressing work and marriage penalties in the welfare system, and undertaking efforts to reduce teen pregnancy. But proposals such as those discussed above that deny assistance to poor children on the basis of their mother's age and marital status or her length of time in the work program head in an unfortunate direction. To quote the researchers' statement one final time, such proposals would pose great risk of "doing far more harm than good."

Mr. KOPETSKI. Thank you very much. Mr. Santorum, you may inquire first.

Mr. SANTORUM. Thank you, Mr. Chairman.

Mr. Greenstein, I guess, very quickly, in skimming through your testimony and listening to what you had to say, it very much sounds like the same thing we hear over and over again here before this committee, which is really things are not as bad as they seem. All we need to do is really tinker around the edges with these things; that please do not do anything dramatic because you will do more harm than good.

I don't know what you are looking at as far as your social scientific data is concerned, but I can tell you the American public, in looking at what is going on in communities across this country and with the welfare state that is being developed, a lot of people question whether we can do more harm than is being done right now, and that, in fact, what we need to do is something to start to change the system.

What I see here is voluminous criticism of every reform that has been put forth by the President, every reform that has been put forth by Republicans—most of them. And particularly when it comes to attacking the problem of illegitimacy, you have basically discarded every measure. I think in here you talk about the provision of eliminating the AFDC benefit for children born out of wedlock to teenage mothers, you talk about problems with cutting people off after work. You say the paternity establishment provisions are going to be cruel. You just go on down the list here, and it sounds to me like, well, things are not so bad so let's just tinker.

I think your conclusions, as startling as they are, say that we have to touch up here and paint a little here—I am trying to find exactly what you suggest. I am reading your conclusion.

Mr. GREENSTEIN. Will I have a chance to respond, Congressman?

Mr. SANTORUM. You go ahead while I read your conclusion. Go ahead.

Mr. GREENSTEIN. I don't recognize myself or my views in what you have just said.

Mr. SANTORUM. Maybe you should read your testimony because that is exactly what your testimony says.

Mr. GREENSTEIN. It is not what my testimony says at all. Let me be clear that my understanding is that I was asked to prepare testimony on issues of welfare and early childbearing and on questions of the relationship between welfare and out-of-wedlock births.

My testimony does not include recommendations. I actually had a discussion with some of the committee staff on this. My preference might have been to testify at another hearing where I could have talked about the changes I would like to see made in the system. I am not in favor of only tinkering around the edges. I do think major changes are needed.

I am not criticizing every proposal. There is not criticism in this testimony of most aspects of the President's proposal, or of Mr. Matsui's proposal. It is not an exhaustive discussion of your proposal or of other proposals. The testimony focuses on one group of proposals, and those are proposals that terminate benefits for children and their mothers in cases where they have not violated program rules, they have complied with various requirements, but be-

cause of their age or marital status, or because they have reached the end of a work slot, the benefits would be cut off.

I think the proposals of that sort would do more harm than good and that we do not have the evidence to pursue them at this time. But in many other areas, I am in favor of very major changes. I think the current system is woefully insufficient in the child support area. I think the current system is woefully insufficient in moving people from welfare to work. I think we need to have significantly stronger, and, yes, tougher provisions in those areas and in a number of others. I think the current system——

Mr. SANTORUM. I found your conclusion. You do say child support enforcement, and I think you will find broad agreement on both sides of the aisle with respect to child support enforcement provisions.

Mr. GREENSTEIN. I would also favor much stronger paternity establishment. My criticism was on one particular point in the paternity establishment area. I am sure——

Mr. SANTORUM. Which is requiring mothers to provide information regarding the father or risk losing benefits.

Mr. GREENSTEIN. Not true. I support that.

Mr. SANTORUM. OK.

Mr. GREENSTEIN. My criticism in the testimony was of eliminating benefits for a child in a case where a mother has provided the information and the child support agency has not yet established paternity. Where the mother has done everything she is supposed to do, everything——

Mr. SANTORUM. OK, I misunderstood.

Mr. GREENSTEIN. That is the point I was criticizing. I think we do need stronger paternity establishment.

Mr. SANTORUM. I don't believe under the President's bill that would occur, nor do I believe under the Republican bill that it would occur.

Mr. GREENSTEIN. It is my understanding, and perhaps I am mistaken, that H.R. 3500 does have a provision that until such time as paternity is legally established, there would not be a benefit for a child. Unfortunately, in many States, there are approximately 1,000 cases per child support caseworker, and the State takes 1 to 2 years to establish paternity.

My main concern is not in the case where the mother refuses, but in the case where the mother provides everything she knows and the State takes 2 years to establish paternity. In that case, I would not want to see the child's benefit cut off. That is what I am talking about.

I would imagine, and I will acknowledge, I have not studied it in enough detail, but I would imagine that there are paternity establishment elements of your bill, I know there are of other bills, that I would think are important and moving in the right direction.

In particular, I think we need much stronger efforts in hospitals. I think it is a scandal that we have as low rates of paternity establishment and child support collection as we do today.

Mr. SANTORUM. We do have that in our bill. I appreciate that, and I think you do have a valid concern with respect to the State's ability to establish paternity. And we have tried—I thought we had

addressed that issue adequately, but I would be happy to take your comments.

Dr. Murray, you heard, and maybe you addressed this in your testimony, but I would like to revisit the issue because I heard Dr. Greenstein talk a lot about the evidence after you did. What is your conclusion about the impact of reducing or eliminating AFDC—not reducing, but eliminating AFDC benefits to children born out of wedlock, particularly among the black community.

The evidence that Mr. Greenstein used was almost exclusively, I might add, for children—I mean for people who have children out of wedlock who have high school degrees. I kept hearing that over and over again, that if children have high school degrees. As you know, our proposal talks about children prior to the age of 18. So not very many of them would have high school degrees.

And if you could comment on Mr. Greenstein's testimony, and then possibly specifically about the effects that would be had on a population of minor children who have children out of wedlock who, as we all know, are the most likely to end up on welfare. I think it is 75 percent end up on welfare within 5 years, and also are the most likely to be long-term welfare recipients.

So we focused H.R. 3500 on the minors because of those first two reasons: They are most likely to go on welfare and they are most likely to be long-term dependent.

Third, they also have a support network in many cases. Not all, but in many cases. Certainly more than a 25-year-old would have to fall back on, as you heard testimony just a few minutes ago.

And, finally, again, will this policy imbue a cultural change on younger people for future generations?

Mr. MURRAY. Well, first, a detailed comment on Bob Greenstein's testimony would take a lot longer than you have. A few summary comments are—I would also say briefly, I tried, as best I could, to reach common ground on some of these issues in an article in Public Interest, in the spring of 1994, where I tried to say, look, here are the things in which there is an authentic, intellectual, empirical disagreement. Here are the things on which there are some convergence among people that look at these issues. And I guess I would characterize a great many of the statements that Mr. Greenstein made about the welfare package and how it is changed and how we would expect this, that and the other thing to be, with all due respect, fake argument, in this sense.

There is not really a whole lot of dispute about a lot of these issues. I will take one example. Bob spent quite a bit of time saying, ah, the reason why you can say the whole welfare package has not gone down so much as if you use Medicaid; that the way you get that is people are having escalated costs for Medicaid.

Well, there are a lot of people that put together the total welfare package, including myself, where we have used a constant figure for Medicaid. And what you still see, and I don't think there is academic dispute on this, what you see is a deterioration, after a very rapid large rise in the welfare benefit in the sixties and the early seventies, you do see a drop. Most of that drop is concentrated in the last half of the seventies.

As of the eighties, and I am thinking of the—I am thinking of all sorts of different people, of widely different political views who

have made these calculations—what you see after about 1980 is flat or a slightly rising total value of the package using a constant value for Medicaid.

Now, I say that, I am sure Bob will come back and disagree, but there is a lot of frustration here because I think that there is more agreement in the social sciences about the state of knowledge than comes out in this kind of hearing. I stopped talking because I saw the yellow light come on earlier and left out the last part about blacks, but I guess, if you don't mind, I would like to refer to blacks since blacks do indeed constitute a very large proportion of the welfare population.

What is the state of knowledge about that situation? It is improving. Early on, there was a consistent finding that you did not have a relationship of welfare and illegitimacy in blacks. A couple of things happened.

One is there is an extraordinarily high relationship between the density of the black population and illegitimacy ratios among blacks. To the extent that if you take the relationship of the illegitimacy ratio to the density of the black population in the 50 States, the correlation between those two is between 0.8 and 0.9, which is, for the social sciences, astronomical.

What that means, in effect, is, when you have a State like Idaho or New Hampshire or Vermont or Montana, with tiny welfare populations, the black population—and the black population in those States tends to behave in their extramarital childbearing more like the white population. This is not surprising for a number of reasons.

It is also true in States with very high black density population, as in the South, you do not have any of that effect. Well, it also so happens that the welfare benefits in Vermont and New Hampshire and so forth are above average and the ones in the South are below average.

What this means in terms of social science is, that if you introduce, as another variable in the equation, the density of the black population in the States, you suddenly get a much different view of the relationship of welfare to illegitimacy.

Now, this is the kind of thing, as Greg is sitting over there listening to me, and he is thinking of going back to his computers when he gets back to Michigan and running the equations, he can find out. There is progress to be made on this. I am afraid we are more obfuscating it than clarifying it here this morning.

Mr. KOPETSKI. Thank you very much.

Mr. Levin, you may inquire.

Mr. LEVIN. Good morning. I think everybody expected a provocative discussion, and we are having it. I am sorry I missed part of it. So, Dr. Murray, let's chat a bit, and others may want to chime in.

Yesterday we held—it was yesterday; it seems like days ago—a hearing on child support, and there seemed to be a rather broad consensus here about child support. But you very much challenge that consensus, and you would essentially end all child support where the mother is single.

You suggest that there be no effort to collect anything from the father, and that we provide nothing to the mother except, you say,

since universal medical coverage appears to be an idea whose time has come, I will stipulate all children have medical coverage.

I take it, though, if you were consistent in your policy, you would not provide medical coverage to those children either; right?

Mr. MURRAY. I put that in the Wall Street Journal article the way I did precisely so that I could avoid as many extraneous kinds of issues as possible. The purpose of that article, as for that matter the purpose of everything I write on this subject, is not to move particular legislation along, it is to try to communicate a way that I look at these problems. And I say, well, if you are taking away medical coverage too, everyone will worry about, well, what does that mean, and I wanted to have the debate take place outside that framework for that reason.

Mr. LEVIN. But consistent with your approach, we would not provide medical coverage.

Mr. MURRAY. In terms of medical care, I think that the medical care system in this country has departed so far from a system that used to have the potential for providing medical care to everyone without the government being involved, it has departed so far from that model, I think you might have to leave medical care in there.

If you ask me is it conceivable you could have a medical system without government intervention that would provide medical care for all children in this country, I would say, yes. If you ask me is it possible to do it as of 1994, I would say I doubt it.

Mr. LEVIN. But I must say I don't think that is germane to my question.

Mr. MURRAY. I am trying to answer it.

Mr. LEVIN. But what you are really saying is that what we have to do is to apply shock therapy, and the way to do it is to take away all government assistance for children of single mothers. And I would take it that if you are consistent, that would be medicine as well as food, because you include food; right?

Mr. MURRAY. Let me try to clarify that. I think I understand why you think I am being inconsistent, and perhaps I can explain to you why I think I am being consistent.

I think that if you get rid of the welfare system altogether, putting Medicaid aside for a moment, you are not going to have babies starving in the streets. I do not think that compassion for children, care for children, resources for children are provided only through the instrumentality of the State.

In terms of food and shelter and clothing, it is very easy for me to see how this could be done and would be done without the State.

Once you start talking about the medical care system as of 1994, you have lots of new problems that have been introduced where I am not at all nearly as confident that the system can be flexible enough to provide the level of care that would be needed for children. And in that sense, you have a different kettle of fish than you do when you are trying to provide food, housing and shelter.

Mr. LEVIN. Well, let's see. But you would cut off food assistance and housing assistance but leave medical coverage. So you would literally, as a matter of policy, prohibit any effort to obtain child support from the father of a child where there was no marriage.

Mr. MURRAY. This is one where even my friends have a real hard time going along with me. Do you want me to tell you why I want to get rid of enforcement of child support for married fathers?

Mr. LEVIN. Maybe this is the reason—in 1993 you said, "as far as I can tell, the father has approximately the same causal responsibility as a slice of chocolate cake has in determining whether a woman gains weight."

Mr. MURRAY. Could I ask you a favor, Congressman?

Mr. LEVIN. Yes.

Mr. MURRAY. Could I ask you to read the surrounding paragraph, surrounding that quote?

Mr. LEVIN. This was a London Times article.

Mr. MURRAY. Could you please read what comes before and after that sentence?

Mr. LEVIN. I don't have that, so you tell me.

Mr. MURRAY. I will tell you what came before and after that sentence, and what comes in the middle of that sentence, if memory serves me correctly.

I was talking about the ways in which the father's role, as of 1993, has become fundamentally changed. If a woman conceives a child, choosing not to use birth control; she observes the male, knowing that he is not using any birth control; she then chooses not to give the child—to abort the child, and she chooses not to give the child up for adoption. In each of these cases, the man has no legal standing whatsoever except his choice to wear a birth control device himself. He has no legal standing in the decision to whether to abort the child; he has no legal standing with regard to the decision whether to keep the child after it is born.

If you want to have unmarried fathers take on responsibility for their children, it seems to me that you are going to have to give them some legal standing in those decisions. Otherwise, if you fail to do that, the causal role of the father leading to the point that a young woman takes a baby home from the hospital and keeps it to raise herself is quite minimal.

Mr. LEVIN. But did he not have an obvious role in terms of conception and whether or not a child would be conceived?

Mr. MURRAY. No, I was trying to make the point—again, with respect, Congressman, I was trying to make, in the context of the full article, a quite subtle and complex point. You chose to read it in a way in which I tried to make it evocative without giving the surrounding reasons why I made that statement.

It seems to me that, of course, he has a causal role. Of course, it takes two to tango, in creating a child. I am saying if you are going to demand child support of the father, you have to seriously rethink his participation in the decisions that lead to the fact that the woman takes the baby home with her. That's all.

Mr. LEVIN. Well, maybe we need to do that. And there is some consideration, for example, when it comes to an abortion, whether that person, father, would have a role.

But I think to say that the causal relationship is somehow approximately the same as a slice of chocolate cake has in determining whether a woman gains weight, very much understates the responsibility as well as the role of a male when there is sexual inter-

course, when he is as aware of the woman as to whether or not there is a chance of conception.

Mr. MURRAY. I hope I have clarified why the quotation as originally given is an outrageous distortion of what I was saying.

Mr. KOPETSKI. Mr. Camp may inquire.

Mr. CAMP. Thank you, Mr. Chairman and Mr. Murray, we had extensive testimony yesterday about how to involve the father in the relationship, and I think it is consistent with your response to my colleague from Michigan's comments.

Did you have any additional comments that you wanted to make on illegitimacy that maybe you did not get a chance to make?

Mr. MURRAY. That is opening Pandora's box there.

Mr. CAMP. Well, your testimony was broken up, and I think you were starting to complete some of the comments that you had prepared to come here to make, and I just wanted to give you an opportunity to make those.

Mr. MURRAY. Let me put it this way. As the debate goes on, and as social scientists are trying to untangle what the causal relationship is, which is a very complex task to which a lot of people are bringing a very good faith effort, it seems to me that what people have neglected to think about is some of the common sense totality of it, which is that in the past, sexual behavior out of marriage was constrained by two very large powerful forces. One of these forces was social stigma, and the other of these forces was that it was enormously punishing to have a child out of wedlock and it was especially punishing for the woman.

What we have done with the welfare system is far greater than what we measure with numbers of dollars and inflation discounted value and specific itemization of benefits and so forth.

What the welfare system does is enable a young woman to legitimately say to herself, If I had this baby, I can support it without a husband. Given the powerful attractions of sex, it seems to me not illogical to say when you allow a woman to say I can have a baby without a husband, a whole lot more women will have babies without husbands and the problem with this has nothing to do with one particular religious view or anything else, but what it has to do with is the tragedy this represents both for the babies and the way the society functions.

Mr. CAMP. Mr. Duncan, you seem to indicate that your research shows there was no real connection between legitimacy and welfare payments. Yet, you did indicate there was a connection between work effort or ethic and welfare. It seems inconsistent to me that you are on the one hand saying that the level of the money benefit does affect human behavior with regard to work but you are saying it doesn't affect human behavior with regard to illegitimacy. And I can't reconcile those two views.

Mr. DUNCAN. Let me begin by responding a little bit to Charles Murray's alleged consensus of what the evidence was. I was not summarizing my own research, although I have contributed a piece of it. Charles Murray has done an analysis. June O'Neill on the next panel has done an interesting analysis. I was trying to summarize a consensus of what all the recent research has found.

I think it is useful to divide it up into two different issues. One is the effect of incremental benefits on additional births, because

that is relevant for the family cap. There have been fewer studies of that than of first births.

There were two recent studies involving national data, neither of which found any relationship at all between the size of the benefit and the incidence of second and third births to either blacks or whites, so there is that issue.

The much larger body of evidence relates benefit levels to the first birth, and there the evidence is somewhat mixed. For whites, about half the studies find significant effects, about half of them don't. For blacks, very, very few of the studies find significant links between benefit levels on childbearing.

Charles Murray has one study that does show when you adjust for certain things you find effects. My own study doesn't find that to be the case for blacks. And most of the other studies that have been done in the last 2 years using national data, combining not only high school dropouts but high school graduates together, fail to find significant links between welfare benefit levels and the incidence of first births.

It is not inconsistent to me that one would find benefit levels affecting some aspects of human behavior and not others. If you simply look at demographic behavior, there seem to be very strong links between benefit levels and decisions of young, unmarried mothers to live independently of their parents.

In high-benefit States, there is a much greater likelihood that a young teen mother will choose to set up her own apartment than to live with her parents. The higher welfare benefit enables her to do that, and apparently she does so to a substantial extent.

Mr. CAMP. Do you agree that the lack of stigma and the lack of social statement affect the illegitimate birth rate?

Mr. DUNCAN. It is hard to measure stigma in a systematic way. Many, many changes have taken place over the last 30 years, including a reduction in stigma.

Mr. CAMP. And part of that, the lack of stigma, has been taken away as a result of the fact that relatives don't have to ante up and help pay for supporting the child. Don't you think that has been part of that process?

Mr. DUNCAN. It is possible. The question I think before this panel is whether any kind of welfare reform is really going to have a dramatic effect on out-of-wedlock childbearing. And I think the weight of the evidence, and the 67 researchers' statements, judge that the weight of the evidence was that it wasn't.

Mr. KOPETSKI. My turn.

Mr. CAMP. I don't happen to agree with that weight of evidence, but thank you, Mr. Chairman.

Mr. KOPETSKI. Dr. Duncan, do you believe every child is legitimate in the eyes of God?

Mr. DUNCAN. Yes.

Mr. KOPETSKI. Mr. Greenstein, same question.

Mr. GREENSTEIN. Yes.

Mr. KOPETSKI. Mr. Murray, Dr. Murray, I have a problem in communicating with you, because we don't use a common language. I believe that every child is legitimate in the eyes of God and there is no such thing as an illegitimate child. We are talking about stigma in our society today, and I think that term proliferates it.

A synonym for illegitimate child is a bastard. I don't know if you really believe that. I hope not.

So I look at your testimony, and I see the word illegitimate from one who is supposed to know and care about children, and it is very hard for me to appreciate the research and thought that went into this. Have you ever been to Bombay?

Mr. MURRAY. I lived for 6 years in Asia. I did not specifically go to Bombay.

Mr. KOPETSKI. I had the opportunity to be there this past April, and I have been in refugee camps in Hong Kong and seen children in the streets of Bangkok and Laotian children in the north of Thailand. And no place in the world is as tragic as the living conditions of 1.2 million people in Bombay. And most of those are children.

When you sociologists talk about not knowing what would happen if we cut off welfare benefits, I think people just have to go to Bombay and find out, because they don't have welfare there. They have children with diseases that I have read about, and thought were history. I saw children—every child beg. I saw children without legs, children without arms, children with elephantiasis, children without parents, wandering. I saw 10-year-old girls trying to sell their bodies.

That is what happens in a society where government doesn't care or government sort of says, Well, magically these people will get health care, magically these people will get an education, magically these children will get a bite to eat that day.

We sort of lock ourselves into this wonderful world of the United States of America where we assume that people can get food every day. I have got food banks in my district, and by the end of January, they are out of food. And I live in one of the richest agricultural regions in the world. We donate and we get our food industries to donate. These are people on welfare and some of them are actually too proud, as they would say, to be on welfare. They do want to feed their children, and they run out.

So, you know, the private sector, the charitable institutions are out there and they are doing it. The fact is we have a lot of malnutrition in this country with our children.

Now, you know, I just have a real difficult time connecting with you when you say we don't have any studies. There are lots of studies, living studies in this world today of what happens when the society doesn't take care of its children. I will give you time to respond.

Mr. MURRAY. The image I have in mind when I think about how children fare in the absence of a welfare system is not India but the United States. Children did not starve in the United States prior to the advent of AFDC. On the contrary, what you had in the United States was a much smaller economy, a much poorer economy, and at a time when you had a much poorer and smaller economy, you had philanthropic efforts of proportionately very large magnitude, so large that if you extended those efforts that were going on in the 1890s to today, you would be spending as much money in the private sector as you are spending in the public sector.

Beyond that, however, you had children being born, prior to the welfare state in the United States, overwhelmingly in both black and white neighborhoods, into two-parent families, and if I were to say I had a choice of having my child born randomly in today's world, from a low-income parent, and into the world of 1920 with a low-income parent, I would unhesitatingly choose the world of 1920. I would be scared stiff at the prospects of a child being born to a low-income parent today, not because of reasons having to do with money, for in 1920 the real poverty would have been much greater, but because today—and this, Congressman, will constitute the conclusion of my remarks to you, but I want to make this, today, I think the real—I am trying to think of a polite word.

The problem is that we talk today about what awful things are going to happen to children if we get rid of the welfare system. What is happening to children in the United States today is scandalous. We have suffering of poor children that is not caused by lack of money; it is caused by children being born into families which should never be having families and the suffering that is going on is one that compels dramatic action.

And that, sir, is the reason I choose the language I use, and I choose the way I express myself in the way that I do.

Mr. KOPETSKI. Well, I disagree with your recollection of history in this country. Children have suffered malnutrition, they have gone without food in this country. If you asked a lot of the people that came of age during the Depression, even given the fact that we were a much more rural, agrarian society then and we didn't have as many people in urban areas as we have today, people went hungry in this country. And we developed these social systems not just at a governmental level but at a charitable organization level as well.

We just fundamentally disagree on language, but we also fundamentally disagree on whether we look at just the United States, as grand as it is, and not think the unthinkable, which is that a child, if he or she is hungry in America or suffering from lack of medical care in America, is no different than that same child suffering in Bombay, India, today. If you are hungry, you are hungry. If you need health care, you need health care, wherever.

I think we have another panel.

Mr. SANTORUM. Mr. Chairman, I would like an opportunity to question the witnesses if I can.

Mr. KOPETSKI. We will do one more round.

Mr. SANTORUM. Dr. Duncan, your statement that welfare has no effect on the rate of illegitimacy or out-of-wedlock birth, or whatever term you are more comfortable with, is a startling one to me. I will read you a quote from Gerard Riley, who wrote a recent oral history of the New Deal, and he was a top staffer to Frances Perkins, Secretary of Labor under Roosevelt.

Here is what he said:

> Secretary Perkins maintained she always thought a dependent mother was a widow with a small child or one whose husband had been disabled in an industrial accident or one who had married a ne'er-do-well, who had deserted her or hit the bottle. She said it never occurred to her that these mothers would be called dependent in the new legislation. She blamed the huge illegitimacy rate among blacks on Aid for Mothers with Dependent Children.

Now, this is a New Dealer saying this. Explain to me—I mean, I just find it incredulous for us to suggest that given the enormous amount of money we have spent on the welfare system in the past 30 or 40 years and seeing the explosion of illegitimacy during that exact period of time, that you can make a statement that it had no relationship from numbers, from these little computer models that you are running, and you say, Well, it is hard to model stigma. That is exactly what we are talking about here.

You saw a young lady—I am sure you heard her, Ms. Jackson, Lukisha Jackson, say that there is no stigma, it is perfectly acceptable, and in fact she indicated a preferable way of raising a family, to have a child out of wedlock when you are 16 years old. That is OK, everybody does it. No stigma, no problem.

Is that an acceptable attitude of young children? And do you really believe that the welfare system has no impact on that and nothing to do with that, while 40 or 50 years ago in the black community, that was completely unheard of, as low if not lower than whites. We heard testimony of that just the other day.

Why has the illegitimacy rate changed so dramatically if welfare had absolutely no effect on that?

Mr. DUNCAN. I was very troubled by her statements and I am very troubled by the skyrocketing rate of out-of-wedlock childbearing. What I tried to address in my testimony is evidence regarding whether dramatically different benefit levels have measurable effects on out-of-wedlock childbearing.

Mr. SANTORUM. You went beyond that in a statement you made in response to Mr. Camp, and you said, "Welfare has no effect on illegitimacy." That is what you said. Welfare, not AFDC payments. You said welfare has no effect.

Now, I will give you plenty of opportunity to recant and say where it does.

Mr. DUNCAN. I was saying welfare benefit levels do not appear to affect out-of-wedlock childbearing.

Mr. SANTORUM. What does, then?

Mr. DUNCAN. That is a very good question. In my own research, we took the view that a potential teen mother compares the attractions of out-of-wedlock childbearing, namely through the benefit levels, with the economic conditions that would happen if she were not to have a child. And she does this by looking around at her older sisters, at similar friends who are now older, who have either had or not had children out of wedlock as teenagers.

What we find is that benefit levels do not have a substantial significant impact on out-of-wedlock childbearing. But the alternative does. It is the notion that some women have nothing to lose by having an out-of-wedlock child.

Mr. SANTORUM. You might make the statement that welfare doesn't encourage out-of-wedlock births but is a facilitator? That is what I just drew from that statement. No?

Mr. DUNCAN. What I was saying was that it was the nonwelfare attractions, the kind of life a woman would have if she did not have an out-of-wedlock birth—her chances for getting married, her prospects in the labor market, her wages. And the women who have the most to lose, the women who had the best prospects should they not have out-of-wedlock children, were least likely to have those

children. That was a substantial effect. That was a statistically significant effect.

Mr. SANTORUM. Could you draw from that inference that if there was a disparity between what the economic expectation if you had no children and the economic expectation if you did have a child, if there was a disparity, a marked disparity, that you might influence decisionmaking about illegitimate children?

Mr. DUNCAN. That is correct.

Mr. SANTORUM. Isn't that exactly what we are suggesting here to change that?

Mr. DUNCAN. But what I did was to break it down. There is a disparity because of different welfare benefit levels and there is a disparity given the economic opportunities, the marriage chances, the employment opportunities and so forth. Variations in the latter, the marriage prospects, the employment opportunities, did have a significant effect, but variations in welfare benefit levels did not.

Mr. KOPETSKI. Mr. Levin.

Mr. LEVIN. You admonished us that we have other panels, Mr. Chairman, and I am afraid we should hear your admonition. I just want to say to Charles Murray, with whom I have had the privilege of having discussions before, I and I think many, many, many other people share your deep concern—I just don't want anyone to think that the radicalness of one's solution is a reflection of the depth of one's concern. Because I share the concern about the breakup of the family, I am not sure your analysis as to what might happen is likely to happen.

But I must say I have reread your London Times quote, the full paragraphs, and I must confess I just find your solution of total lack of responsibility for the man to very much miss the point.

Mr. MURRAY. Would you read it?

Mr. LEVIN. I will be glad to.

Part of restoring the functions of marriage is strict enforcement of a married man's financial responsibility for his children, even if the marriage ends. But by the same logic, I am letting unmarried fathers off the hook. It follows from this unchivalrous question, given that a woman chooses to engage in sex knowing that the man is not wearing a condom, what is the responsibility of the male for the fact that a child is conceived and carried to term in an age where contraceptives and abortion are freely available? Certainly the man has no legal standing of his own. He cannot require a woman to abort a fetus nor can he prevent her from aborting it. So what causal responsibility, absent rape or false claim of sterility, does a man have as of 1993 in determining whether sex is followed by the birth of a child? As far as I can tell, it is approximately the same causal responsibility as a slice of chocolate cake has in determining whether a woman gains weight. He acquires responsibility by taking it upon himself, and that act is called marriage.

Mr. MURRAY. Thank you.

Mr. LEVIN. I find you use the word elite very often, and I find something terribly elitist about the notion that when two people engage in a consensual act, both having the same level of knowledge, that you would put all the responsibility on one and none of the responsibility on another.

I think we need to confront directly the problem of the breakup of the family in this country. I don't think we want to carry shock therapy to the extent where we say to the male, who was as involved as the female, you are totally off the hook.

Mr. MURRAY. I will be perfectly happy with that if you give him legal standing.

Mr. LEVIN. That isn't the way to restore the family, by saying if there is no marriage, the male has no responsibility, in my judgment.

Mr. KOPETSKI. Mr. Camp may inquire.

Mr. CAMP. Thank you.

Dr. Murray, if Congress passed President Clinton's welfare bill, which has a lot of provisions on work requirements and has grant proposals and other items, what do you feel would be the illegitimacy rate in the United States after this has been implemented?

Mr. MURRAY. Precisely on the same slope it is now. At least I do not see that this bill will have any effect for reasons I alluded to in my statement.

But the main reason is one which seems to characterize all welfare reform that has been tried since 1967. There is always tough rhetoric and when you actually look at the implementation, the implementation is partial, it is stretched out, it is filled with qualifications.

In this case, let me suggest what is likely to happen with the way I understand the bill is now. I don't think a young woman expects to become a chronic welfare recipient. I think if you have a situation whereby you have a 2 years and out proposal but related to job training and so forth, you are just as likely to get a reaction from a young woman who finds herself pregnant which says, Well, I will have the baby and be on welfare a little while, but I will also get job training and get out.

In other words, this bill, just like the 1988, just like the 1967–68 reforms, has the potential for backfiring. So my analysis of its effects on illegitimacy go from a range of zero to the wrong way.

Mr. CAMP. Thank you.

Mr. KOPETSKI. We have a quorum call followed by a 5-minute vote. So I am trying to predict how legislative time works. Why don't we recess until 2. Then we will have the last panel. We are dismissing this panel and we will move to the last panel at 2.

[Whereupon, at 1:30 p.m., the subcommittee was recessed, to reconvene at 2 p.m., this same day.]

Mr. KOPETSKI. The subcommittee will return to order.

We have our final panelists for this Friday afternoon, June O'Neill, Ph.D., professor of economics and finance and director of the Center for the Study of Business and Government, Baruch College, City University of New York; Constance Williams, Ph.D., associate professor of social policy, Heller Graduate School, Brandeis University, Waltham, Mass.; and Rebecca Maynard, Ph.D., trustee professor of education and social policy, University of Pennsylvania, and senior fellow, Mathematica Policy Research, Inc.

Good afternoon. I don't know if there is a preferred order amongst the three of you. Unless you guys object, I will call on Ms. O'Neill. And let me say each of your statements will be entered into the record in its entirety. Naturally I called on the first witness who is searching frantically for the testimony.

Ms. O'NEILL. Right.

Mr. KOPETSKI. Thank you for your patience.

STATEMENT OF JUNE E. O'NEILL, PH.D., PROFESSOR OF ECONOMICS AND FINANCE, AND DIRECTOR OF THE CENTER FOR THE STUDY OF BUSINESS AND GOVERNMENT, BARUCH COLLEGE, CITY UNIVERSITY OF NEW YORK

Ms. O'NEILL. I very much appreciate the opportunity to speak to the subcommittee today.

With the rise in the AFDC caseload of the past few years, about 14 percent of families with children in the United States now receive welfare benefits. Thirty years ago, only 3.5 percent of families were on welfare. If the expansion of welfare simply meant a greater number of poor families have been assured a better quality of life, concerns about the program probably would not arise.

But welfare is not a benign transfer program. AFDC is no longer a program for poor children unexpectedly deprived of their fathers, as it was originally intended to be. Over the years single parenthood has come to have a strong element of choice. Nowadays about 60 percent of the mothers on AFDC have borne their children out of wedlock.

There is little question that out-of-wedlock childbearing and welfare participation are closely intertwined. Among young women who had a first birth out of wedlock in 1978–81, about half went on welfare within 2 years of the birth and 80 percent entered welfare within 10 years.

An out-of-wedlock birth is most likely to occur when the mother is a teenager, and the combination produces an extraordinarily high rate of welfare participation. However, the majority of unwed mothers eventually go on welfare even when they have their first birth at age 20 or older. Married teenage mothers were much less likely to go on welfare over a 10-year period; 37 percent did so.

There is also a strong intergenerational component to welfare use. Teen mothers who bear their children out of wedlock and go on welfare are themselves likely to have grown up in a single-parent family on welfare. Young white women in the NLSY whose families were on welfare were almost six times as likely as those from nonwelfare families to go on welfare themselves. Among young black women, this differential was two and a half times. Among the teen mothers in the teenage parent demonstration program, 65 percent were the child of a teen mother; 62 percent came from a family that received welfare at some time; 30 percent from a family that was on welfare most or all of the time.

Young mothers on welfare have very low levels of skill. One third never complete high school and they have been found to score well below the average on tests of basic reading and math achievement. For example, about 30 percent of young welfare mothers score at or below the tenth percentile on the armed forces qualifications test which was administered to one national sample of young women.

Those who start out on welfare as teen unwed mothers frequently remain on welfare many years. More than a third accumulate more than 7 years on AFDC over a 10-year period and long-term welfare participation further impedes their development of skills.

A key question is whether the welfare program itself plays an important causal role in out-of-wedlock childbearing and in the development of skills and work habits. There are strong theoretical

grounds for believing that it does since the availability of benefits enables a woman to support her children outside marriage and without working.

The strength of this incentive depends on the income benefits provided by welfare compared to the alternatives of marriage and work. Whether welfare in practice has been a significant factor is a controversial research issue and the empirical evidence is mixed.

This morning you heard from Greg Duncan, who has found that welfare did not have very significant effects. But in my own research that I have conducted with Anne Hill, we find a strong connection between the benefits package and increases in out-of-wedlock childbearing.

For example, a 25-percent increase in the State AFDC/food stamp benefit level increases the proportion of young women having an out-of-wedlock birth by 4.5 percentage points, which is a 32 percent rise. A 50-percent increase in the benefit level leads to an 8-percentage-point rise in the proportion, or more than a 60-percent increase.

The research supporting these results holds constant many other factors such as the parents' income and education, the local unemployment rate, expected wages, and other things.

In drawing conclusions from this and other studies based on differences in benefits across States, it should be kept in mind that the AFDC program operates in all of the States. Thus Charles Murray's thought experiment about what would happen without a welfare program is not really tested by the array of studies available. The Murray effect would almost certainly be larger than is observed in the currently available studies.

One lesson I draw from research is that a highly intractable problem is created once an unskilled and immature young woman starts a family and goes on welfare. But unfortunately, policy and public resources have been almost exclusively focused on employment and training programs for women who are already on welfare. These programs may not do harm, but I really question whether they can ever produce substantial positive results.

We have been pursuing employment and training programs for a long time, and there is very little to show for it. What we need is a strategy to prevent teen out-of-wedlock childbearing and entry onto welfare. If we are to convince young men and women that work and marriage are viable options, new approaches must be taken to develop skills and competence starting at young ages.

So true school reform through vouchers or other innovations may turn out to be highly effective welfare reform. But if school and work are to be taken seriously, we must also reduce disincentives, and this is where the other side of the equation becomes important.

A welfare system that is readily available to teenaged mothers and that provides benefits competitive with the wages a young person can earn, is a school and a work and a marriage disincentive. The behavior of young people will not be easily changed unless welfare is made less accessible.

Thank you.

[The prepared statement and attachments follow:]

Statement of June E. O'Neill
Professor of Economics and Finance and
Director of the Center for the Study of Business and Government
Baruch College, City University of New York
July 29, 1994

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to address the subcommittee today.

With the rise in the AFDC caseload of the past few years about 14 percent of families with children in the United States now receive welfare benefits. A portion of the recent increase is likely related to the prolonged recession and with an improved economy the caseload probably will decline somewhat. But this will still leave a vastly expanded welfare population compared to 30 years ago when only three and a half percent of families were on welfare.

If the expansion of welfare simply meant that a greater number of poor families have been assured a better quality of life, concerns about the program likely would not arise. But welfare is not a benign transfer program. The AFDC program is no longer a program for poor children unexpectedly deprived of their fathers, as it originally was intended to be. Over the years single parenthood has come to have a strong element of choice. Nowadays, about 60 percent of the mothers on AFDC have borne their children out of wedlock.

There is little question that out of wedlock childbearing and welfare participation are closely intertwined. Among young women in the National Longitudinal Survey of Youth (NLSY) who had a first birth out-of-wedlock in 1978-1981, about half went on welfare within two years of the birth and 80 percent entered welfare within ten years. An out-of-wedlock birth is most likely to occur when the mother is a teenager and the combination produces an extraordinarily high rate of welfare participation. However, the majority of unwed mothers eventually go on welfare even when they have their first birth at age twenty or older. (Married teenage mothers were much less likely to go on welfare over a ten year period -- 37 percent did so.)

There is also a strong intergenerational component to welfare use. Teen mothers who bear their children out-of-wedlock and go on welfare are themselves likely to have grown up in a single parent family on welfare. Young white women in the NLSY whose families were on welfare were almost six times as likely as those from nonwelfare families to go on welfare themselves. Among young black women this differential was two and a half times. Among the teen mothers in the Teenage Parent Demonstration Program 65 percent were the child of a teen mother; 62 percent came from a family that received welfare at some time (30 percent from a family that was on welfare most or all of the time).

Young mothers on welfare have very low levels of skill. One third never complete high school and they have been found to score well below the average on tests of basic reading and math achievement. Among the NLSY women on welfare about 30 percent scored at or below the 10th percentile on the Armed Forces Qualifications Test (AFQT). Those who start out on welfare as teen unwed mothers frequently remain on welfare for many years. More than a third accumulate more than seven years on AFDC over a 10-year period. Long-term welfare participation further impedes the development of skills. Women on welfare seldom work and as a result they do not develop skills on the job, and the skills that they may have acquired in school or at prior jobs depreciate over the years.

A key question is whether the welfare program plays an important causal role in out-of-wedlock childbearing and in the development of skills. There are strong theoretical grounds to believing that welfare could have an effect on single parenthood

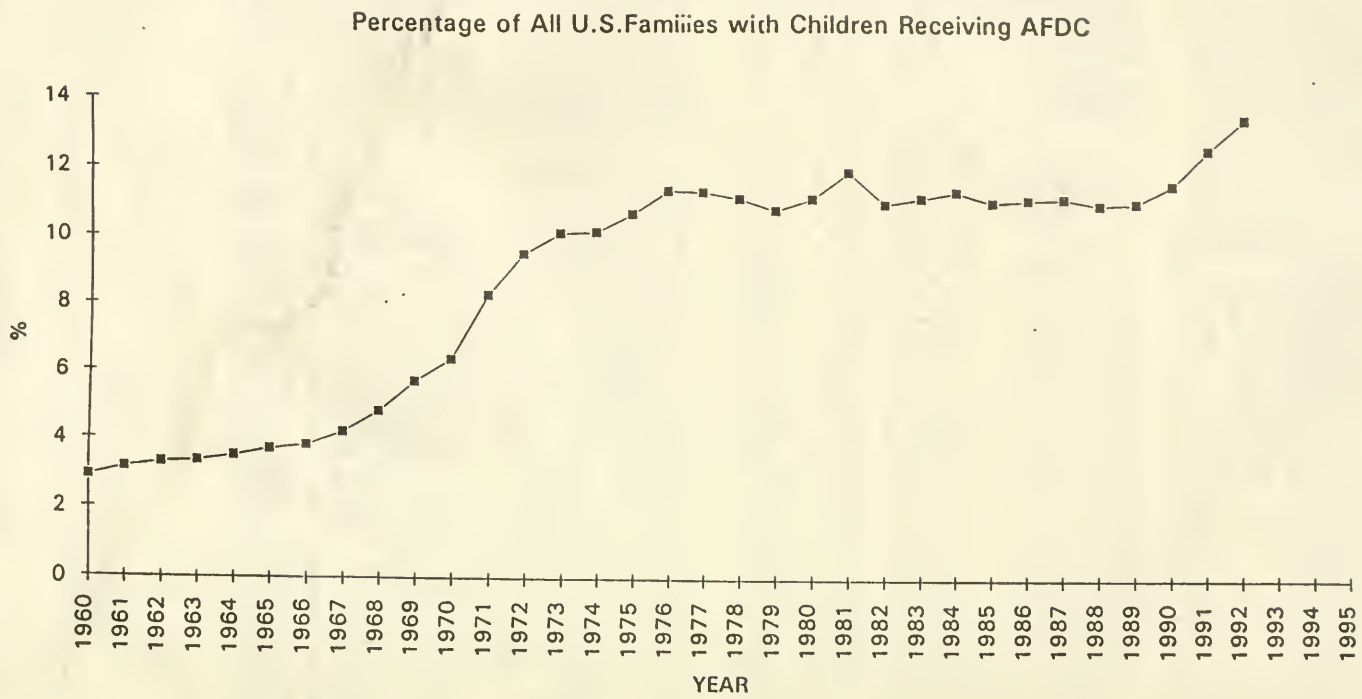
since the availability of benefits enables a woman to support her children outside marriage and without working. The strength of the incentive, however, depends on the income and benefits provided by welfare compared to that attainable from its alternatives — marriage and work. Whether welfare in practice has been a significant factor promoting single parenthood has been a controversial issue among social scientists. The empirical evidence is mixed. Some studies have found weak effects or no significant effect of welfare benefit levels on out-of-wedlock births or other measures of disrupted family structure; but others have found positive and significant effects.

My colleague Anne Hill and I have found a strong relation between increases in the welfare benefit package (AFDC and food stamps combined) and increases in out-of-wedlock childbearing among young women: a 25 percent increase in the state benefit level increased out-of-wedlock childbearing by 32 percent. These results hold constant many other factors such as the parents' income and education, the local unemployment rate and the expected wage. The absence of the young woman's father, the family's welfare participation and residence in a neighborhood with a high proportion of welfare recipients also contributed significantly to out-of-wedlock childbearing. Because some of these factors are themselves likely to be affected by the welfare benefit level these results may understate the true effect of the benefit level.

In drawing conclusions from this and other studies based on differences in benefits across states it should be kept in mind that the AFDC program operates in all the states. Thus Charles Murray's thought experiment about what would happen without a welfare program is not really tested by the array of studies available. The Murray effect would almost certainly be larger than is observed in the currently available studies.

One compelling lesson I have drawn from my research is that a highly intractable problem is created once an unskilled and immature young woman starts a family and goes on welfare; and I believe this is an important message to keep in mind in formulating government policy. The current focus on the provision of employment and training programs for women who are already on welfare will not do harm, but I really question whether it ever will produce substantial results. We have been at the training game for a long time (WIN expenditures in 1979 were $800 million in 1991 dollars) without a great deal to show for it.

What is needed is a preventive strategy for deterring teen out-of-wedlock births and entry onto welfare. New measures are needed to help develop the skills and competence of boys as well as girls, starting at young ages, if the viability and perceived benefits of work and marriage are to be enhanced. True school reform through vouchers or other means may be highly effective welfare reform. But if schooling and future work options are to be taken seriously, disincentives to learn and improve future earnings must be reduced. Thus the other side of the equation is equally important. Welfare that is readily available and provides benefits competitive with the wages a young person can earn is a school disincentive. Thus attitudes are not likely to be easily changed unless the attractiveness of welfare is seriously reduced.


Percentage of All U.S.Families with Children Receiving AFDC
%
0
2
4
6
8
10
12
14
1960
1961
1962
1963
1964
1965
1966
1967
1968
1969
1970
1971
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
1990
1991
1992
1993
1994
1995
YEAR

Proportion of NLSY Mothers Entering Welfare by Timing of Entry, Year of First Birth, Marital Status and Age of Mother at First Birth

	First Birth Out-of Wedlock			Married at Time of First Birth		
	Mother's Age at Birth			Mother's Age at Birth		
	All Ages	Under 20	20 Years or older	All Ages	Under 20	20 Years or older
YEAR OF FIRST BIRTH IS 1978-1981						
Percent Entered Welfare:						
0-2 years after 1st birth	50.8	49.8	54.3	7.3	9.9	5.4
3-5 years after 1st birth	16.3	18.3	9.3	9.4	15.2	5.0
6-8 years after 1st birth	5.8	6.6	3.4	5.4	6.7	4.4
9-10 years after 1st birth	5.3	6.2	2.4	3.7	4.9	2.8
Cummulative percent on welfare through 1991	78.2	80.9	69.4	25.8	36.7	17.6
YEAR OF FIRST BIRTH IS 1982-1984						
Percent Entered Welfare:						
0-2 years after 1st birth	48.8	52.2	46.7	7.9	14.4	6.7
3-5 years after 1st birth	13.3	6.1	17.6	3.9	6.2	3.5
6-8 years after 1st birth	2.6	2.2	2.8	3.1	6.6	2.4
Cummulative percent on welfare through 1991*	64.7	63.4	67.1	14.9	27.2	12.6
YEAR OF FIRST BIRTH IS 1985-1987						
Percent Entered Welfare:						
0-2 years after 1st birth	34.1	n.o.	34.1	4.7	n.o.	4.7
3-5 years after 1st birth	4.3	n.o.	4.3	3.0	n.o.	3.0
Cummulative percent on welfare through 1991*	39.0	n.o.	39.0	9.3	n.o.	9.3

Notes: n.o.: no observations on this group in the sample;
* Cummulative percent may include a small percentage in categories of years since birth not separatly shown.

Proportion of Welfare Recipients on Welfare More than a Specified Number of Total Years, from Time of Entry Through 1991 : NLSY Mothers Starting A First AFDC Spell in 1978-1984, by Marital Status and Age at Time of Birth

Total years on Welfare are Greater Than:	Under Age 20 at First Birth		Age 20 or Older at First Birth	
	Out of wedlock First birth	Married at First birth	Out of wedlock First Birth	Married at First Birth
1	0.89	0.714	0.91	0.738
2	0.756	0.585	0.717	0.581
3	0.633	0.46	0.577	0.421
4	0.59	0.388	0.468	0.379
5	0.504	0.298	0.402	0.318
6	0.408	0.253	0.357	0.293
7	0.346	0.206	0.279	0.204
8	0.273*	0.142*	0.176*	0.05*
Mean Years	5.81	4.31	4.98	4.02
Sample size	373	116	65	53

* Estimate is unreliable since a portion of the sample was exposed to AFDC for less than 8 years.

Characteristics, (Weighted) of NLSY women with a first birth in 1978-1982 and work/welfare status in 1988-89, by welfare participation since first birth and marital status at time of first birth

	Out of Wedlock first birth		Married at first birth	
	Ever on welfare	Never on welfare	Ever on welfare	Never on welfare
Population (000's)	826	274	656	2,108
Sample size	461	120	248	607
A. CHARACTERISTICS, ALL WOMEN WITH A FIRST BIRTH 1978-1982				
Age at first birth (%)				
Under 18	34.5	32.5	21.0	8.3
18 or 19	39.0	34.0	35.4	24.8
20 or more	26.5	33.5	43.6	66.8
% Black	54.4	33.5	8.7	5.6
% Hispanic	9.4	11.0	10.9	7.8
% White	36.1	55.5	80.4	86.6
% Not a H.S. Grad at birth of first child	56.0	26.5	47.7	21.0
% Not a H.S. Grad in 1989	32.5	10.6	31.6	10.8
AFQT Percentile Score	23.5	34.3	32.5	47.3
-% at or below 10th percentile	32.3	16.9	14.2	7.0
Months on AFDC, first birth thru 1989	47.0	0.0	26.0	0.0
South (at age 14)	33.7	48.8	26.2	37.6
% Ever Married	53.9	71.8	100.0	100.0
% Worked before first birth	53.9	62.4	73.0	83.6
Weeks worked before 1988	146.0	262.0	193.0	325.0
Worked in '88 or '89 (%)	78.3	84.5	81.5	84.8
% Off welfare in 1988 and 1989	48.7	100.0	55.1	100.0
B. Off Welfare in 1988 and 1989				
Sample size	220	120	132	607
AFQT Percentile Score	28.1	34.3	36.1	47.3
-% at or below 10th percentile	21.0	16.9	11.9	7.0
Months on AFDC, first birth thru 1989	26.0	0.0	15.5	0.0
% Ever married	69.5	71.8	100.0	100.0
Percent married in '89 or '90	53.2	55.4	75.9	84.4
Percent worked in '88 or '89	91.7	84.5	89.5	84.8
Percent not a H.S. Grad in '89	23.6	10.6	35.1	10.8
No. of children	2.0	1.7	2.1	2.2
Family income	$21,994	$24,862	$24,120	$36,284
C. On welfare in 1989				
Sample size	176	-	90	-
AFQT Percentile Score	18.4	-	28.5	-
-% at or below 10th percentile	40.8	-	12.7	-
Months on AFDC, first birth thru 1989	71.9	-	40.5	-
Percent not a H.S. Grad in '89	43.6	-	27.8	-
No. of children	2.4	-	2.3	-
AFDC income, 1989	$4,084	-	$3,520	-
Family income in 1989	$10,243	-	$12,461	-

Characteristics, Skills and Work Experience of 24-31 Year Old Women on AFDC In 1989, by Years on Welfare since 1978, (NLSY)

	All Women on AFDC in 1989	On AFDC 2 Years or Less	On AFDC more than 2 Years	On AFDC 4 Years or more
% Black	39.1	25.6	42.7	44.0
% Hispanic	9.5	6.7	10.2	11.1
% White	51.4	67.8	47.2	44.9
Age at first birth (%)				
17 or Less	27.4	12.9	31.1	32.1
18 or 19	24.0	12.3	27.0	29.3
20 or more	47.8	71.9	41.6	38.3
% Out-of wedlock first birth	61.3	49.9	64.3	68.5
% South, Age 14	26.6	32.8	25.1	22.7
Number of children:				
-In year entered AFDC	1.385	1.562	1.342	1.286
-In 1989	2.229	1.612	2.389	2.426
% High school dropout:				
-In year entered AFDC	43.2	27.3	47.5	49.5
-In 1989	33.5	21.5	36.6	37.0
AFQT percentile (mean)	26.0	29.8	25.3	24.5
AFQT (% at or below the 10th percentile)	30.9	31.0	30.9	30.2
% Went on AFDC within 2 years of first birth	42.5	13.8	49.9	52.9
% Worked before AFDC	76.2	85.6	73.8	72.2
Weeks worked by working women before going on AFDC	140.5	293.7	98.2	44.3
Total months on AFDC since 1978 (mean)	57.4	10.0	69.1	75.6
Sample size	530	87	443	393
Weighted Population (thous.)	1123.2	231.7	891.4	765.4

Effects of Changes in Explanatory Variables on Outcomes for Young Women and Men

OUTCOME	Baseline Percent (from regression sample)	No Father	Two more siblings	Family income raised by:		Family was on welfare	Family lived in public housing	Family lived in high welfare neighborhood	AFDC-FS benefit increased by:		Unemployment rate was 2% points higher in:	
				25%	50%				25%	50%	1982-84	1985-86
WOMEN												
Ever on Welfare	17.3	+6.4	+4.1	-0.4	-0.7	+12.5	+1.3[a]	+6.1	+6.8	+12.3	+1.7[a]	+2.7
Years on Welfare	7.8	+1.9[a]	+2.5	-0.4[a]	-1.1[a]	+14.7	+5.6	+5.5	+3.2	+5.8	+2.8	+0.1[a]
Out of Wedlock Birth, Never Married	13.9	+8.6	+0.8	-0.0[a]	-0.1[a]	+8.3	+4.8	+4.9	+4.5	+8.1	+1.4[a]	+0.7[a]
High School Dropout	14.0	+2.7[a]	+3.6	-0.5[a]	-0.9[a]	+13.9	-2.1[a]	+1.3[a]	-1.7[a]	-3.1[a]	+0.8[a]	----
MEN												
Years of Low Work	19.6	+4.4	+1.1	-0.6	-1.0	+5.9	+8.7	+5.4	+1.5[a]	+2.8[a]	+3.6	+1.8
Ever in Jail	5.4	+4.4	+2.0	-0.2[a]	-0.4[a]	+0.1[a]	+1.7[a]	+2.4	+1.1[a]	+2.0[a]	-0.7[a]	+1.1
Out of Wedlock Birth, Never Married	11.1	+1.4[a]	+1.0[a]	-0.2[a]	-0.4[a]	+2.9[a]	+5.9	+4.8	+7.1	+13.0	+0.8[a]	+0.3[a]
High School Dropout	22.1	+2.8	+6.4	-2.5	-4.6	+3.0[a]	+11.1	+7.4	+2.9[a]	+5.3[a]	+2.2	----

Based on t-statistic of less than 1.5

ource: Text tables 5.4 and 5.5.

Source: M. Anne Hill and June O'Neill "Underclass Behaviors in the United States: Measurement and Analysis of Determinants, August 1993.

Mr. KOPETSKI. Thank you very much for your testimony.

We will now hear from Ms. Williams.

STATEMENT OF CONSTANCE W. WILLIAMS, PH.D., ASSOCIATE PROFESSOR OF SOCIAL POLICY, HELLER GRADUATE SCHOOL, BRANDEIS UNIVERSITY, WALTHAM, MASS.

Ms. WILLIAMS. Thank you. It is a pleasure for me to be here and I appreciate having been invited.

I want to say just a few words about what I bring to this discussion that is quite different than the kind of research that some other presenters do and how their findings were presented.

I am a qualitative researcher. That is, I talk to people, I listen to them, I try to get an understanding of what their lives mean to them, what having children means to them. I have not done large quantitative studies, as some other people have. However, I think the perspective of trying to understand what goes through the minds of teen mothers and how varied they are is very important for making policy, because we often, as our previous discussion showed, are dealing with a large number of imponderables and very complex questions.

Just take the whole question of what motivates a woman to have a baby. We need to say we really don't have a great deal of conclusive evidence about that. The only women for whom we worry about that seem to be poor women and women on welfare.

If we wanted to understand this phenomenon, I think we would look at a variety of women, particularly in today's culture, and look at their childbearing decisions. We know that many women go through endless years of fertility treatment in order to have a baby, and many of those women have careers, they have very full lives, and an outsider looking at it would say, Why do they need to have a baby to make their lives fuller?

I only use that example to say that we are dealing with very complex issues when we talk about why someone has a child or why one decides to keep a child. We do know that many pregnancies are accidental, and teenagers, when you talk with them will say, I did not intend to have the baby. But once the baby is born, they want it, they want to keep it, their families want it and want to keep it.

Let me add that it has been my experience in talking with teen fathers that many of them are very much against abortion. So I found it interesting to hear Mr. Murray's comments. The teenage mothers that I know and talk to and work with in several different projects are still quite often involved with the young men who are the fathers of their children. And they are by and large a very anti-abortion group, not from a right-to-life perspective at all, but they, like the young women, feel, I want something that belongs to me. Many of them also may have a very bad way of showing it, and we need to teach them differently, but their feelings are that they can undo the experiences they had with absent fathers. These are all very adolescent approaches to this issue, but we are talking about adolescents. So I just wanted to preface my remarks with that.

I am going to quickly summarize what my main points are, and then hope that we can have some questions about them. Since

1980, we have noticed two trends in early childbearing. One is that in the early eighties, teenage childbearing rates were declining. They began to increase in 1986, and have continued to climb from a low of 50 births per 1,000 females, 15 to 19, in 1986, to a rate of 62 in 1991.

This increase in adolescent childbearing is partly attributable to the growth in the proportion of teenagers who are sexually active. The sexual behavior of teenagers, I would like to remind you, is similar to the sexual behavior in the general population. One measure of the sexual behavior of adults is the out-of-wedlock birth rate which was the highest ever recorded in the history of the United States in 1991.

Birth rates are highest in the age cohort just past their teen years. Women 20 to 24 years of age had the highest nonmarital birth rate, followed by women 18 to 19 years of age.

Unmarried childbearing among white women more than doubled since 1980, and increased by 45 percent for black women. Most teenagers are unmarried and will remain so. Particularly this is true for black teenagers.

Like other women in our society, teenage women are unlikely to stop engaging in sexual activity. Consequently, preventing unmarried teenage births calls for an investment in safe, available and effective contraceptives for those teenagers who do become sexually active.

Young teens should have adult supervision, good schools, and community recreation to help them abstain from and delay sexual activity. The 2-year time limit must be flexible. Support services and additional time should be given to those who need them.

And I say this from experience. I am currently working in a comprehensive child development program that is in its fourth year. We had about 25 percent teen mothers in that program. Many of them came into the program when they were 16 or 17. They have stuck with the program. They have taken advantage of all of the support services. Many of them are indeed on the road to self-sufficiency. They have gotten their high school diplomas, they have been in a training program, they have had some assistance with child care. But none of them are anywhere near able to earn a living that would bring them and their families above the poverty line or even at the poverty line.

I think we have a great deal to think about in our definitions of self-sufficiency. What do we mean by it? Do we mean simply getting off of welfare? And is that a good standard? And I want to remind you that we have many people in this country, two-parent families who work full time year round, who are still in poverty.

So we have a great deal to think about when we begin to define self-sufficiency. It may be acceptable to say that we would like these parents to get jobs at the minimum wage or just above, and that that would be acceptable, because many other people in our society do exist like that.

So that I think the complexity of what we are dealing with should be quite apparent from our previous panels' discussion, if we think deeply about any of these issues. But we should not lose sight of the fact that the majority of teenagers on welfare were poor before they became mothers. We often act as if having a baby

makes you poor. It does not make you poor initially. I agree that having a baby and getting on welfare, and particularly having a second baby, can very well push you further into poverty and make it much more difficult for you to ever move out of it. But we often act as if teenagers who become pregnant immediately become poor. They may become poorer, but they were already poor.

My point in saying that is simply that if you view the world through the eyes of someone who lives in poverty, you may indeed feel that you have very little to lose from having a baby and going on welfare, because your options don't seem to be much better than having a baby.

While delaying childbearing is probably a very important anti-poverty strategy, it will not take the place of higher education and jobs that are better known routes out of poverty.

Finally, I think that equal attention must be given to the education and work opportunities of fathers if parental responsibility of both mothers and fathers is to be achieved. We talk a great deal about child support, and we act as if we can get child support from young men who are not working or who have very poor job prospects. We cannot and we will not.

Regarding the other issues that relate to people being diligent about child support, we only need to study the behavior of middle-class divorced fathers to get some idea of the complexities involved in that issue.

So my final plea is that when we consider both teen mothers and teen fathers, let us first consider them as if they are members of the human race. Let us consider young women who have babies along with all women in terms of some of their motivations, some of their ideas, some of the ways with which they look at life. This is true of young men as well.

Both young parents, young men and young women, are greatly influenced by what is going on in the larger society. We have a large out-of-wedlock birth rate across the board, among all the races in society. It is higher among some than others. And it has become more acceptable. We may not like that, but it is a fact.

I think that influences teenagers and we are going to have a very difficult time addressing the issue unless we look at it in its broader perspective, because the teenagers will not behave terribly differently than their mothers, their sisters, people that they see around them in society.

Thank you.

[The prepared statement follows:]

SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
HEARING ON EARLY CHILDBEARING PROVISIONS OF H.R. 4605
July 29, 1994

My name is Constance W. Williams. I am an Associate Professor of Social Policy at the Heller Graduate School, Brandeis University, Waltham, Massachusetts. I am pleased to be included among the invited witnesses to describe causes and consequences of early childbearing and to comment on the provisions of H.R. 4605 that are designed to prevent early childbearing. My testimony is informed by three projects that I have been involved in during the past ten years.

First, I am the author of *Black Teenage Mothers: Pregnancy and Child Rearing from Their Perspective,* a study of 30 mothers, half of whom had one child and half of whom had two children before the age of 19. Second, from 1985 -1987, I was staff to the Governor's Commission on Child Support Enforcement that revitalized the Child Support Statutes of the Commonwealth of Massachusetts . And third, I am the ethnographer for a Comprehensive Child Development Program (CCDP) in Boston, Massachusetts. CCDP is a national family support demonstration whose objective is to promote educational achievement and economic and social self-sufficiency through intensive comprehensive services for low-income children and families from a child's birth until entry into school. Approximately 20 percent of the 120 mothers in the Boston CCDP were under twenty years of age when recruited into the program and many of the mothers now in their twenties or thirties first became mothers in their teenage years.

BIRTH RATE TRENDS FROM 1980-1991

Before we consider causes, consequenses or prevention of adolescent childbearing, a review of childbearing trends during the past decade may be useful. In the 1980's two trends in childbearing were evident among women under 20 years of age. During the first half of the decade, their birthrates declined until the number of women between 15 and 19 years of age who gave birth fell below the half million mark. During the second half of the decade, birth rates steadily rose, though the number stayed below a half million until 1989 when women under the age of 20 had 517,989 births. By 1990 women under 20 years of age accounted for 533, 438 (13%) of the 4,158,212 births that occurred in the United States in1990.

Between 1980 and 1988, the birth rate for older teenagers (18-19) and younger teenagers (15-17) remained relatively stable then increased annually between 1988 and 1991. The birth rate for women between 18 and 19 years of age rose from 79.9 in 1988 to 94.4 in 1991 while the rate for younger teens increased less, from 33.6 to 38.7. This growth in teenage birth rates occurred while the number of teenagers in the population decreased from 9.2 million in 1986 to 8.4 million in 1991. Until 1986, when teenage birthrates began to climb, women in their

thirties were the only age group for whom birth rates had steadily increased since 1980.

SEXUAL BEHAVIOR AND NONMARITAL BIRTHS

One of the causes of increased adolescent childbearing is the growth in the proportion of teenagers who are sexually active. Sexual behavior among teenagers is influenced by standards of sexual behavior in the general population. The uncoupling of sex and marriage is evident in the increase in births to unmarried women 15-44 years of age. According to the National Center for Health Statistics (NCHS), in 1991 the number of births to unmarried mothers was 1,213,769, the highest ever reported in US history. The proportion of all births that were to unmarried women was 29.5 percent. Nonmarital birth rates for women of all races were highest for women 20-24 years of age at 68 per thousand followed by women 18-19 years of age at 65.7 per thousand. The birth rate for unmarried teenagers between 15-17 years old was 30.9 births per thousand.

By race, the percent of all births to unmarried women was 21.8 for white women, 67.9 for black women and 39 percent for Hispanic women. White nonmarital births more than doubled between 1980 and 1991 when they were 328,924 and 707,502 respectively. Births to unmarried black women increased by 45 percent from 318,799 in 1980 to 463,750 in 1991.

These data suggest that the goal of preventing teen pregnancy by emphasizing the importance of delayed sexual activity will require that children make better decisions than older teenagers and adults have been able to make. Will local schools, communities, families, and churches provide the adult supervision and wholesome activities required to help teenagers make better decisions and postpone sexual activity?

No amount of exhortation to delay sexual activity, postpone pregnancy, and stay in school will succeed if schools are unsafe and unchallenging and communities have inadequate recreation. Teenagers need appropriate recreation and part-time work opportunities after school. If teenagers are successful in school and perceive that they have access to higher education and job opportunities, early parenthood will not be an attractive option.

The proposed approach to prevention refers to the establishment of a national clearinghouse on teen pregnancy prevention and comprehensive demonstrations. No explicit mention is made of contraceptive services. While teen pregnancy and birth rates have increased, public expenditures for contraceptive services declined between 1980 and 1992. The high rate of sexual activity among teenagers suggests that safe and effective contraceptives should be a part of any pregnancy prevention program.

POVERTY, WELFARE and EARLY CHILDBEARING

According to Child Trends, Inc., factors such as school failure,

peer influences, parental monitoring and aspirations for achievement are more influential incentives for early childbearing than the availability of AFDC benefits. It is also known that most young mothers who become welfare recipients were from poor households before they had children. Thus poverty and welfare among teenage mothers are related to antecedent social and economic conditions. We must not confuse association with causation. The welfare reform message: "you should not become a parent until you are able to provide for and nurture your child" will sound hollow to children who have always lived in a poor household. Teaching young people that "welfare has changed forever" needs a companion message: "your opportunities and options have been improved forever."

Finally, I want to comment on the two-year time limit, living arrangements and the identification of fathers. Some 18 year old women will have the capability to leave welfare in two years and get a job. However, many will not because the schools they attended before dropping out have left them with poor academic and life skills. Implementation of an arbitrary time limit will discourage mothers who have begun the process of re-entry by returning to school or job training, but need more time to become truly self-sufficient. If we are seeking long-term solutions, we need to be prepared for providing support services for a longer time to those who need them.

The requirement that unmarried minor mothers live at home will not create a circumstance different from that already experienced by the majority of teen mothers. The severe shortage of affordable housing and the size of the welfare grant mean that few teenage mothers can afford to establish their own households. One contributing factor to the relatively high rate (76%) of high school completion of teenage mothers is the fact they are often required by their mothers to return to school.

It has been my experience that nearly all teenage mothers are able to identify the fathers of their children. For very young teens identification may be problematic because they are frequently victims of exploitative sex or incest. However, for most unmarried teenage mothers the issue is fear that punitive measures will be taken against the fathers and that they will suffer the loss of whatever informal support may be provided by fathers and their families. Education about the benefits of the identification of fathers to them and their children, and efforts to assist fathers with education and work equal to those provided to mothers must be implemented if we want to prevent teen pregnancy and encourage responsible parenthood.

Mr. KOPETSKI. Thank you very much for your testimony.

Dr. Maynard.

STATEMENT OF REBECCA MAYNARD, PH.D., TRUSTEE PROFESSOR OF EDUCATION AND SOCIAL POLICY, UNIVERSITY OF PENNSYLVANIA, AND SENIOR FELLOW, MATHEMATICA POLICY RESEARCH, INC.

Ms. MAYNARD. Thank you for giving me this opportunity to talk with the subcommittee.

I am going to rely heavily on my experiences evaluating a large federally funded demonstration of a reformed welfare system for teenaged parents. I have submitted a statement for the record that elaborates on my comments and also addresses more extensively some of the issues related to the nature of the pregnancy problems and prevention strategies.

Over the past 6 years I have been observing and eliminating a large-scale field test of a mandatory JOBS-type program for teenage parents. These programs, which have been funded by the U.S. Department of Health and Human Services, change the welfare rules and the services for all new teenage parents coming on to welfare in three cities, the cities of Camden and Newark, N.J., and the South Side of Chicago. Under these rules, the young mothers were required to be employed or engaged in activities preparatory to employment and chronic failure to fulfill these requirements resulted in a substantial penalty of $160 a month.

Today, I will share with you just three of the important findings from these reformed welfare programs. First, getting and keeping teenaged parent recipients on a path to self-sufficiency is a challenge but is doable. I think that is what these demonstration programs showed.

The key to achieving this is threefold. First, it is really important to define clearly for the teenage mothers what is expected of them and the consequences of their failure to do what is expected of them. In the demonstration, this meant making it clear to the teenagers that the level of public assistance they were going to receive depended upon whether or not they made good-faith efforts to work toward self-sufficiency.

Second, the second key is that the welfare system needed to support the young mothers in these efforts. And I want to underscore that point. This includes, for example, helping with child care problems, transportation needs, housing problems, personal crises, including abusive home settings, which are not uncommon.

The third key is that both the mothers and the system need to be accountable. In this demonstration, accountability was achieved through the enforcement and monitoring of the financial sanction policies and their implementation. And importantly, both the teenage parents and the welfare staff viewed this sanction policy as fair. Nobody liked it at the outset, but with very limited experience with these policies, the recipients admitted that the policies were fair and the case managers found the policies to be very invaluable tools for gaining and retaining the young mother's attention and cooperation.

The second lesson I want to talk about is that changing the rules governing welfare benefits and providing case management and

other social supports to teenage mothers is going to help but not solve the teenage pregnancy problem. As a group, these young mothers have, as you have heard, few basic skills and many other barriers to obtaining good-paying jobs. They can all get jobs but good-paying jobs are hard to get.

Still, the welfare reform systems that we tested did lead to statistically significant, albeit modest, increases in education levels, employment rates, earnings, and reductions in welfare payments. So we made progress. We didn't make as much as we would like.

And we also determined beyond a doubt that employment is the only route out of poverty for the vast majority of these teenage parents. They are not going to get married. They are not interested in marriage by and large. And if they did get married, that may not provide the income they need to get out of poverty.

The programs only increased the employment rates by about 10 percent, however. We know that our programs were highly constrained by the availability of the quality of community education and training services. GED programs are plentiful, but there is absolutely no evidence in this or any number of other studies that are coming out now that a GED does anything to increase the earnings of this population.

In fact, what we are doing in some cases is diverting kids from a mainstream education program to a GED, and we need to think about that. It may be not scrapping the GED program but it may be fixing it and making it something worthwhile.

Access to JTPA services was a major problem because of the low education and basic skills of the mothers.

The third lesson that I want to share is that these young mothers are adamant that they don't want more children now. They will say that unequivocally. But traditional family planning services were not effective in helping them control their fertility. Two-thirds of these young mothers were pregnant again, about 2 years after their first birth, even though they had access to family planning, education and counseling services.

Let me just close by saying that in view of the high cost of teenage pregnancy and our limited success in mitigating its adverse consequences, it is also very important to invest in prevention and try to limit the number of people who fall into these circumstances. Unfortunately, we have very limited evidence pointing to successful intervention programs on the prevention side. We mainly have hopeful models in need of more extensive field testing and evaluation.

Thank you.

[The prepared statement follows, and the papers provided will be kept in the committee's files:]

TEENAGE CHILDBEARING AND WELFARE REFORM: LESSONS FROM A DECADE OF DEMONSTRATION AND EVALUATION RESEARCH

Statement for the
Committee on Ways and Means, Subcommittee on Human Resources
U.S. House of Representatives, Hearing on Early Childbearing

July 29, 1994

Rebecca Maynard
Trustee Professor of Education and Social Policy
University of Pennsylvania
and
Senior Fellow, Mathematica Policy Research, Inc.

I am pleased to have the opportunity to share with you some important facts and findings from recent research on the causes and consequences of teenage childbearing. I devote particular attention to what we know about the responsiveness of teenagers and teenage parents to various interventions aimed at delaying early childbearing. In addition, for those who have children, I look at ways of mitigating the adverse consequences for the young mothers and their children. I draw heavily on my experiences over the past six years in evaluating a large-scale federally funded demonstration of a reformed welfare system for teenage parents.[1] However, my remarks also draw on other demonstrations and state policy initiatives for this population.

I stress eight important conclusions from this body of research that should shape the next generation of welfare reforms:

(1) The problems associated with teenage pregnancy and births are getting more serious. The rates of both are increasing significantly, resulting in growing numbers of mothers and their children living in poverty and depending on welfare.

(2) Teenage parents and former teenage parents represent the majority of welfare recipients and consume the majority of welfare benefits. In large part, this is because of their long periods of dependency. Early intervention is critical to changing the culture of poverty and moving these young mothers toward self-sufficiency as quickly as possible.

(3) Employment is the only route out of poverty for the vast majority of teenage parents on welfare. Thus, public policies for them should emphasize employment preparation and support.

(4) Traditional ways of delivering family planning services, which emphasize education and counseling, do not work. Teenage pregnancy rates remain high even in schools and communities with extensive pregnancy prevention programs. Teenage parents on welfare do not want more children, at least in the near term. However, most will have them--even those offered extensive family planning services.

(5) It is possible to change the culture of welfare among teenage parents and welfare caseworkers through universal-coverage programs that feature a combination of participation mandates and extensive support services. Strong case management is essential to the effectiveness of these programs.

(6) Programs with truly mandatory participation requirements need not be punitive and harmful to children. Programs that hold case managers accountable for addressing client needs will lead to increased levels of support for teenage parents and their children. Moreover, teenage parents who have been subject to participation mandates, in conjunction with case management and support services, generally view the mandates as fair.

(7) Traditional approaches to second-chance education and job training are marginally effective, at best. It is critical to find ways of keeping more teenagers and teenage parents on the traditional school-to-work transition path at the same time as we seek to strengthen existing second-chance options.

---

[1]This demonstration--the Teenage Parent Welfare Demonstration--is being evaluated by Mathematica Policy Research, Inc., under a contract with the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services (HHS-100-86-0045). A synthesis of the research completed to date under this contract, as well as the results of an in-depth study of the target population is included with this statement for reference by the committee members and staff.

(8) Support services such as child care and transportation are essential for promoting education and employment among teenage parent welfare recipients and are less costly to provide than generally assumed.

THE CAUSES AND CONSEQUENCES OF TEENAGE CHILDBEARING

The likelihood that teenagers engage in unprotected sex, become pregnant, and give birth are highly correlated with multiple risk factors. These factors include coming from a single-parent family, living in poverty and/or in a high-poverty neighborhood, low attachment to and performance in school, and having parents with low educational attainment. For example, white teens living in single-parent households are twice as likely to become teenage parents as those in two-parent families; black teens living in single-parent families are one and a half times more likely to become teenage parents (Zill and Nord 1994). These probabilities increase even more for those with low educational aspirations, low aptitude test scores, and parents with low education levels.

The rise in the incidence of teenage pregnancy and childbearing is largely a function of increases in the incidence of sexual activity and reductions in abortion rates. Teenage pregnancy and birth rates have been rising fairly rapidly over the past five years. In 1992, there were 62 births per 1,000 teenage girls, compared with only 50 births per 1,000 in 1986--a 24 percent increase (Moore 1994). During this period, the proportion of out-of-wedlock births to teenagers increased from 61 to 69 percent (13 percent).

Most of the increase in pregnancy and birth rates can be explained by the continued rise in the incidence of premarital sex among teenagers (up from 44 percent in 1985 to 52 percent in 1988), and by a decline in the abortion rate among teenagers. Indeed, a recent study reports a substantial increase in the both the rate of contraceptive use and its effectiveness (Alan Guttmacher Institute 1994). However, these strides forward have not kept pace with the rising sexual activity rates and the decline in abortion rates.

Most teenagers do not intend to become pregnant. Eighty-two percent of teenage pregnancies are unintended, and 69 percent of births to teenagers are the result of unplanned pregnancies (Moore 1994). A typical explanation is: "It simply happened." For example, among first-time teenage parents on welfare, over one-fourth had never used any form of birth control prior to having their first child, and more than two years after giving birth, half reported not using any contraception during their last intercourse (Gleason et al. 1993).

After these young mothers decide to have the baby, they develop strong commitments to their child and want to do what is best for the infant.

> I like being a mom. I love my son, nothing could change that . . . . I don't care about nothing else but him, how he is.[2]

Yet, these young mothers face major challenges to fulfilling their goals for their children. Slightly more than half of these young mothers will be unmarried or separated during the first five years following the birth of their child, and only about half will live with relatives (Congressional Budget Office 1990). Only 13 percent will have jobs that lift or keep them out of poverty.

Teenage childbearing too often portends a life of poverty and dependency for the young mother and her children. This is especially true for those who have children at very young ages and for those who have multiple births before establishing stable and self-sufficient relationships with male partners. Those who have children at young ages are likely to have more children in shorter periods of time, and subsequent births adversely affect the likelihood of school completion and subsequent employment (Nord et al. 1992; Rangarajan et al. 1994; Grogger and Bonars 1993; Geronimus and Korenman 1993; Hoffman et al. 1993; and Ahn 1994).

These early childbearers are increasingly likely to be single parents and the sole providers for themselves and their children. Five years after giving birth, most teenage parents are unmarried. This fact reflects a precipitous increase in the incidence of out-of-wedlock births among all age groups (U.S. Department of Education 1993). Only about 30 percent of these single mothers who gave birth as teens live with adult relatives, and less than one third receive any financial assistance from the noncustodial fathers of their children (Congressional Budget Office 1990).

Early childbearing reduces significantly the probability that young women will complete their schooling and thus weakens their employment prospects substantially. Just over half of all teenage mothers complete their high school education during young adulthood. Many of those who do complete high school have especially low basic skills (Strain and Kisker 1989; Rangarajan et al. 1992; and Nord et al. 1992). As a result of their low basic skills and the compounding effects of their parenting responsibilities, they have limited employment opportunities (Berlin and Sum 1988; Cohen et al. 1994; Moore et al. 1993; Hoffman et al. 1993; and Rangarajan et al. 1994).

---

[2]All quotes in this testimony are from first-time welfare recipients in the three sites that participated in the Teenage Parent Demonstration. They were obtained through in-depth interviews and focus groups conducted by the Mathematica Policy Research, Inc., research and survey staff. See also Polit (1992).

Consequently, poverty rates for this group are extremely high, even for those who are employed. Five years after giving birth, 43 percent of teenage mothers are living in poverty (Congressional Budget Office 1990). Although poverty rates are *especially* high among those living on their own (81 percent) and those not employed (62 percent), the rates are still *relatively* high among those who are employed (27 percent) and those living with a spouse or adult relative (28 and 34 percent, respectively).

Nearly half of these young mothers, and 77 percent of those who were unmarried when they give birth, end up on welfare within five years after becoming a parent. Moreover, the periods of welfare dependence are substantial. Over 60 percent of initial welfare spells last two or more years, and 40 percent last at least four years (Gleason et al. 1994). In addition, most teenage parents experience multiple spells of dependence, which in total average 8 to 10 years (Maxfield and Rucci 1986; Ellwood 1988; and House Ways and Means Committee 1993).

These high poverty rates are accompanied by numerous other life-complicating factors, some caused by poverty and some contributing to its perpetuation. Teenage parents are disproportionately concentrated in poor, often racially segregated, communities characterized by inferior housing, high crime, poor schools, and limited health services. The teenagers often have been victims of physical and/or sexual abuse. Recent studies of Washington State welfare recipients estimate that half of those who give birth before age 18 also have been sexually abused, and another 10 percent or more have been physically abused (Roper and Weeks 1993; Boyer and Fine 1992). A national study indicates that nearly 10 percent of all females ages 18 to 22 have experienced involuntary sexual intercourse by the age of 20 (Moore 1994). This underscores the importance of flexibility within the welfare system to allow alternative living arrangements for some teenage parents.

TEENAGE PARENTS ON WELFARE[3]

Teenage parents consume a disproportionate share of all welfare dollars. According to one set of estimates, the costs of teenage childbearing total over $34 billion a year for the major income social support programs alone (Advocates for Youth 1994). Indeed, nearly half of all welfare recipients are current or former teenage parents. If we include the implicit costs of the intergenerational effects of teenage childbearing, along with the indirect effects of teenage childbearing on teenagers' families and the communities in which they live, the costs are much higher.

Teenage childbearing contributes to the intergenerational transfer of poverty. It not only interferes with the education and employment prospects of young mothers and her prospects for marriage, but it is associated with lower quality home environments for children (measured by factors such as children's books in the home and reading to children) (Nord et al. 1992; Zill and Nord 1994). All of these factors are strongly related to the teenage childbearing among subsequent generations. Indeed, nearly two-thirds of first-time teenage parents on welfare have mothers who also gave birth during their teen years (Maynard et al. 1993).

Teenage parents on welfare are diverse in terms of their barriers to and strengths for attaining self-sufficiency. As with teenage parents in general, most of those on welfare live in poverty, often in dangerous neighborhoods, and many have no or few role models in their communities to guide them toward social and economic independence. Yet, the mothers and their social settings differ substantially in terms of the specific barriers they face and the resources they have available to promote their self-sufficiency and help them control major life decisions, such as their fertility.

At the time of the birth of their first child, roughly equal numbers of these teenage parents have completed high school, are still in school, or have dropped out (Maynard 1993). Overall basic skills levels are low, averaging about eighth-grade for reading and math. Roughly one-quarter have skills at the sixth-grade level or below and one-quarter have tenth-grade or higher skills. Still, one-third of those graduating from high school have reading skills below the sixth-grade level.

Support from family members and other adults is limited for many teenage parents on welfare. Currently, only about half of the young mothers remain at home with other adults (usually a parent) who could provide economic and social support; less than 5 percent live with the fathers of their child. Some choose to live independently; others do so to escape abusive or otherwise inhospitable home settings. Regardless of living arrangement, only about 30 percent receive any child support from the noncustodial fathers, and less than 20 percent receive support regularly.

Employment is the surest means of escape from welfare and poverty. It also provides teenagers with the highest probability of staying off welfare, as marriage rates are low and falling. Only 12 percent of first-time teenage parents leaving welfare do so as a result of marriage or cohabitation. Nearly half leave as a result of

---

[3]This section draws heavily on surveys and focus groups with first-time teenage parent welfare recipients in the cities of Camden and Newark, New Jersey, and the South Side of Chicago between late 1987 and early 1991--a total of nearly 6,000 young mothers (Gleason et al. 1993; and Polit 1992). This sample sample represents the universe of teenage parents in the three sites going onto welfare over several years. Moreover, the findings are broadly consistent with other more restrictive samples (see, for example, Quint et al. 1994a and b), and with national samples with less rich data (for example, the National Longitudinal Survey of Youth and the Survey of Income and Program Participation).

employment and 41 percent leave for various other reasons, such as administrative closings and geographic mobility. One fourth of first-time teenage parents on welfare who gain employment within two years of coming onto welfare will be living in poverty, as contrasted with more than 95 percent of other teens (Maynard 1993).

The pattern of recidivism is similar for those leaving due to marriage or employment (Gleason et al. 1994). Nearly 30 percent will return to welfare within six months and two-thirds within three years. Although high, these rates are well below the rates for those leaving for other reasons such as residential mobility or administrative actions. More than half of this group return to welfare within six months and 90 percent return within three years.

Fertility control is a major barrier to self-sufficiency for most teenage parents on welfare. Teenage parents understand the negative implications of having additional children before they are able to provide adequately for their own and their children's economic support. They try to act on this knowledge by postponing future childbearing, but they fail miserably. The majority of young mothers on welfare are adamant about not wanting want more children in the foreseeable future, giving all the right reasons:

> It's different when you don't know, when you don't have a kid . . . . I know how hard it is with one--how in the world would you make it with two?

> I just want to get into school and to work. I really don't want to take time off for no more children right now. I'm not ready for it now. When I have my own place, a full-time job, but not right now.

After the first child, most teens on welfare do use contraception (83 percent)--most often a relatively effective method like the pill or an IUD (75 percent) (Maynard and Rangarajan 1994). However, most also are pregnant again within a relatively short time. About one-quarter will be pregnant within a year after the birth of their first child, and about half are pregnant again within two years. Moreover, most of these pregnancies (75 percent) are carried to term.

The clear implication is that many who are using "effective" contraceptive methods are not using them "effectively," for a variety of reasons:

> I didn't plan it, and then again I kind of knew what it was going to happen because I wasn't like really taking the pills like I was supposed to. I couldn't remember every day to take the pill. And, I still don't.

> I really don't want to take time off for no more children right now . . . . But, I'm allergic to birth control pills.

> My boyfriend thinks it (the pill) has something in there killing him.

These statements were made by teenage parents who participated in a program that provided family planning workshops, counseling, and services to teenage parents on welfare. Even more discouraging results have been found in the New Chance Demonstration, a high-cost voluntary program for teenage parent welfare recipients that provided a similar range of counseling and family planning services (Quint et al. 1994b). Repeat pregnancy rates for the young mothers in these programs actually increased as a result of the intervention. And, abortion rates increased by similar amounts--underscoring the fact that these were unplanned "new" pregnancies.

Marriage is not a serious goal for many teenage parents on welfare. The young mothers cite a number of reasons for their lack of interest in or hope for marriage, including the unreliability of men, their own desires for independence, and the impermanence of marriage among their peer group and more generally within their communities.

> It don't seem like no marriage is gonna work. I don't want to go through that. Two months later, then he gets seeing somebody else. Then he ain't got no money or assets for you to collect.

> When you're single it's better. They treat you so much better when you're not married, you know . . . . When you're single, it's honey this and honey that. When you're married--do this, do that.

> I want to be on my own, because you can never depend on a man . . . . Plus, if I go home with money, he and me is going to be arguing. So, it is best to be independent, because you never know that you and that man is going to be together forever.

A FIELD TEST OF A REFORMED WELFARE SYSTEM FOR TEENAGE PARENTS

Background on the Demonstration

In the late 1980s, the U.S. Department of Health and Human Services launched a major social experiment to test the implications of a major change in the welfare system for teenage parents. This experiment, commonly referred to as the Teenage Parent Welfare Demonstration, was a large-scale field test of a

mandatory JOBS-type program for first-time teenage parents on welfare. The cornerstone of the intervention was case management to guide and support the young mothers in active participation in jobs or activities preparatory to jobs, such as education or job training. By design, the program was modest in cost and operated through state welfare departments. The programs provided universal coverage, in that all first-time teenage parents on welfare were required to participate in the demonstration (or a randomly selected control group). There were no exemptions from participation, and temporary deferrals were discouraged.

Demonstration programs operated in three sites--the cities of Camden and Newark, New Jersey, and the South Side of Chicago. Over the course of a two and a half year enrollment period, nearly 6,000 teenagers in these cities who had their first child and were already receiving or started to receive welfare. Half were randomly selected to participate in a new welfare regime requiring them to engage in approved self-sufficiency-oriented activities or to risk a reduction in their welfare grants of about $160 a month--the enhanced services program. These young mothers also received a fairly rich bundle of support services to facilitate and promote their compliance with these requirements. The other half of the mothers received regular welfare services.

An ongoing multifaceted evaluation of the demonstration is tracking the 6,000 young mothers longitudinally through administrative data and personal interviews. Throughout the four-year operational phase of the demonstration, researchers also conducted extensive on-site observations and individual and group interviews with program staff. Additionally, focus groups were conducted with the young mothers, and researchers conducted extensive case reviews with the program staff who assisted specific mothers during their participation in the new welfare regime.

Impacts of the Reformed Welfare Program

Overall program participation rates were very high. About 90 percent of the eligible young mothers participated in the JOBS-type programs; the vast majority of those who did not participate left welfare relatively soon after being notified of their participation requirements. Yet, this participation rate was achieved only with persistent outreach and followup by program staff and reliance on sanction warnings and grant reductions. Over two-thirds of all program participants entered the program only after one or more sanction warnings had been issued. During the course of the demonstration, two-thirds of the participants received one or more sanction warnings, and one-third had their grants reduced for noncooperation with participation requirements.

The demonstration had statistically significant, but modest effects in promoting school enrollment, job training, and employment. It also reduced welfare dependence. During the two years after enrollment, those receiving the enhanced services and subject to participation mandates were in school, job training, or employed 28 percent more of the time than those subject to regular AFDC policies. The largest gains were in school enrollment--a 13 percentage point increase from 29 to 42 percent. Gains in employment and job training rates were in the 4 to 5 percentage point range. Nearly half of those in receiving the enhanced services had some postenrollment employment, and just over 25 percent participated in job training.

The reformed system led to small, but statistically significant, increases in earnings and reductions in welfare. However, the size of the average earnings gains ($20 a month, or 20 percent) was the same as the size of the average reduction in welfare benefits ($20 a month, or 8 percent), leaving the mothers no better off financially.

Only those who found jobs experienced significant reductions in poverty. Only one-fourth of those who were employed two years after enrollment were poor, as compared with over 95 percent of those who were unemployed. Too few (less than 10 percent) got married or established stable relationships with male partners to contribute significantly to poverty reduction.

The reformed welfare programs did not succeed in increasing support from noncustodial fathers. Enhanced child support was a major part of the conceptual design for the demonstration welfare policy. This support was aimed at promoting greater involvement of non-custodial fathers in supporting their children. Two sites increased paternity establishment rates by about 10 percentage points, but these increases did not translate into increased child support payments. Payments and awards were very low in all three sites for both those receiving the enhanced services and those receiving the regular welfare services. Awards averaged about $120 to $140 a month; payments averaged less than $50 a month. In large part, the failing in this area was due to low cooperation by the local child support enforcement agencies who were skeptical of the pay-off.

The reforms also failed to reduce the incidence of repeat pregnancies and births. Over half of the young mothers were pregnant within two years after enrolling in the study sample, and two-thirds were pregnant again by the end of the first wave of follow-up data collection, which averaged about 30 months after enrollment. Yet, all programs offered workshops in family planning as well as trained case managers who provided family planning counseling and support to the teenage parents.

OTHER DEMONSTRATION AND PROGRAM INITIATIVES FOR TEENAGE PARENTS

Over the past 10 years, many other demonstrations and special programs have tried to encourage teenagers to delay sexual activity and/or childbearing, and tried to support teenage parents to improve their

basic skills and employment prospects. These have included school-based health education and counseling programs; special schools for pregnant and parenting teenagers; employment and training programs for disadvantaged youths; alternative schools for at-risk students, with special accommodations for parenting teenagers; and community-based education and training programs, some offering substantial social support services. These initiatives have provided few answers as to what types of assistance can prevent the onset of teenage childbearing and mitigate its consequences when it does occur.

Prevention Programs

None of the pregnancy prevention programs has proven to have major impacts on the teenage pregnancy and birth rates. The research highlights only a few programs with promise for reducing sexual activity rates, increasing contraceptive use among those who are sexually active, and reducing overall pregnancy rates. "There is not sufficient evidence to determine if school-based programs that focus only on abstinence delay the onset or intercourse or affect other sexual or contraceptive behaviors....[or whether] school-based or school-linked reproductive health services, either by themselves or in addition to education programs, significantly decreases pregnancy and birth rates" (Kirby et al. 1994).

The most promising programs in this category provide clear messages on values. They also offer specific strategies and skills for resisting peer pressure to engage in sex and for using contraceptives effectively after youths become sexually active. Several promising models warrant further study, including the Children's Aid Society Teen Pregnancy Primary Prevention Program in New York[4] and the Teen Services Program in Atlanta (Howard 1985). The former offers strong reproductive health education and counseling in the context of a more holistic approach to addressing the needs of teenagers from disadvantaged backgrounds. The latter program is a school-based initiative that combines reproductive health education with strong values development, stressing the importance of abstinence or protected sex for those who are sexually active.

Programs for Teenage Parents

The research on programs to mitigate the consequences of teenage parenting also provides little guidance for developing effective interventions. There are six especially noteworthy programs for teenage parents (in addition to the Teenage Parent Welfare Demonstration) that have been evaluated recently.

Job Start was a 13-site demonstration of education, vocational training, and support services for disadvantaged, young school dropouts. The demonstration operated between 1985 and 1988 and served about 1,000 youths between the ages of 17 and 21; about one-fourth were teenage parents. The program, which was evaluated using an experimental design, increased significantly and substantially completion of the General Education Development (GED) certification requirements (Cave et al. 1993). However, it failed to increase earnings and led to large (13 percent) increases in repeat pregnancy rates.

New Chance was a national demonstration of small-scale, intensive, and comprehensive service programs for teenage parents on welfare who had dropped out of school. Between 1989 and 1992 the programs provided education, training, and extensive social support services for up to 18 months to 1,400 volunteers. The programs, which were evaluated using an experimental design, also increased the incidence of GED attainment significantly. However, they had significant negative impacts on employment and earnings and on the incidence of repeat pregnancies and abortions (Quint et al. 1994b).

Project Redirection was a four-site demonstration of comprehensive services for teenage parents age 17 or younger. Between 1980 and 1981, community-based organizations provided a variety of services, including education, training, mentoring, job placement, child care, family planning, and parenting training to over 300 volunteers. The evaluation, based on a comparison site design, suggest that these programs led to modest (but significant) increases in earnings, had no impact on educational attainment, and large (20 percent) increases in birth rates (Polit and White 1996).

Ohio Learnfare is a state welfare program designed to keep teenage parent welfare recipients in school through a system of financial incentives and penalties. Some sites offer intensive case management and special support services to facilitate school retention, but the majority provided only minimal case management services. The early results from an experimental evaluation indicate that the program significantly increases the likelihood that in-school youths will remain in school and it prompts youth who otherwise would not return to school to do so (Bloom et al. 1993). Results for earnings or repeat pregnancy rates are not yet available.

The Teenage Parent Health Care Program was an intensive, health-focused intervention for mothers under age 17 and their infants. It had no program services or component directed at promoting education or employment goals. Rather, it provided intensive case management by trained medical social workers for up to 18 months after delivery. The program served about 120 mothers and infants in the late 1980s and was evaluated using an experimental design. It had no measured impacts on school enrollment. However, it did reduce significantly (by 57 percent) the incidence of repeat pregnancies (O'Sullivan and Jacobson 1992).

---

[4]This program was designed by Dr. Michael Carrera from Hunter College.

The Elmira Nurse Home Visiting Program was a demonstration of nurse home visitation for socially disadvantaged women bearing their first child. The program served a total of 400 women, 47 percent of whom were teenagers. This program, which was evaluated using an experimental design, reduced significantly the incidence of repeat pregnancies and showed hints of increasing employment rates for the teenage mothers (Olds et al. 1988).

None of these programs has succeeded in changing these young mothers' life courses dramatically. Yet, each provides important lessons to complement those from the Teenage Parent Welfare Demonstration.

All of these programs for teenage parents faced major challenges in getting young mothers to participate and remain in the programs. Only programs with welfare-linked participation requirements accompanied by financial sanctions--Ohio's Learnfare program and the Teenage Parent Welfare Demonstration--reached significant portions of the target population. Even these programs had to work diligently to recruit and retain participants, including judicious use of sanctions.

The impacts of the interventions on human capital development, employment, and fertility control have been modest, at best. Programs that focused on human capital development and support were successful in promoting GED completion. However, GED attainment did not, in turn, lead to increased earnings or economic well-being (see also Cohen et al. 1994).

None of the employment or welfare-focused programs succeeded in helping young mothers take control of their fertility. Only the two small-scale demonstrations of medically focused interventions with home visiting or extensive medical social work services show promise in achieving family planning goals. However, these programs did not generally succeed in addressing the economic needs of these young mothers and their children.

LESSONS FOR WELFARE REFORM

The most effective programs for teenage parents share two common characteristics: (1) clarity of purpose; and (2) seriousness in their implementation. The one demonstration that succeeded in promoting increased education, job training, *and* earnings across multiple sites is the Teenage Parent Welfare Demonstration (Maynard 1993). This demonstration had clear and consistent consequences for nonparticipation but also offered flexibility in terms of the selection and sequence of participant activities. The programs in this demonstration shared three features with the small number of other youth programs showing signs of success: (1) reciprocal obligations between participants and the program; (2) a clear employment focus (although employment was not necessarily a short-run goal); and (3) consequences for failing to meet program performance standards.[5]

Mandatory, full-coverage JOBS-type programs like the Teenage Parent Welfare Demonstration can change key aspects of the welfare culture. All recipients in the Teenage Parent Welfare Demonstration were expected to work toward self-sufficiency by addressing personal barriers, by improving basic and job-specific skills, and/or by gaining work experience. Equally important, the welfare system was obligated to work with the young mothers to address barriers to their pursuit of this goal. The consequence of failure on either part was that the young mother suffered a significant financial penalty.

Program staff were also held accountable for monitoring the activities and needs of the young mothers and for requesting a grant reduction for those who, despite program support to address barriers, did not fulfill their obligations to work toward self-sufficiency in accordance with agreed-upon plans. Programs were not allowed to exempt young mothers from their obligations. Instead, they were challenged to find creative solutions to engage those who were reluctant or faced greater perceived barriers.

Indeed, we found little difference in outcomes for those who were more reluctant and less reluctant to participate in the demonstration programs. Moreover, case managers encountered very few clients who truly could not make progress if encouraged and supported. Sometimes case managers had to go to extraordinary lengths to identify the source of a problem and find a solution. For example, one of the Teenage Parent Welfare Demonstration case managers encountered a situation in which she could not understand why a young mother repeatedly failed to show up for program classes. The case manager took the initiative to visit the participant's home and found that the participant and her partner had to sleep in shifts at night so that one of them could guard their baby's crib against rats at all times. The case manager helped the couple find better housing, and the young mother began attending program classes.

It is feasible to operate large-scale, universal, full-coverage programs. The Teenage Parent Welfare Demonstration and Ohio's Learnfare programs illustrate the feasibility of establishing efficient programs to serve large numbers of new clients and managing caseloads in excess of 1,000--scales that would meet or exceed those of most welfare offices.

---

[5]The more successful youth programs reflected in the research include the Center for Employment and Training (CET) Job Start program in San Jose California (Cave et al. 1993), Ohio's Learnfare program (Bloom et al. 1993), the Teenage Parent Demonstration (Maynard 1993), and Job Corps (Mallar et al. 1982).

A key factor in serving these large numbers without heavy reliance on exemptions and deferrals is providing flexibility in service plans. The Teenage Parent Welfare Demonstration required young mothers to engage continuously in an approved activity, but afforded them considerable latitude in the selection and sequence of activities. This program also promoted cooperation among the young mothers and encouraged them to take responsibility for their actions.

Full-service programs like the Teenage Parent Welfare Demonstration are modest in cost. Inclusive of child care support, the Teenage Parent Welfare Demonstration cost an average of $166 per month. The modest cost is due to both the relatively large scale of the program and the use of technology and management to help case managers handle 50 to 60 clients effectively.

Financial sanctions can play a supportive role in welfare programs. Financial sanctions need not hurt young mothers or children and will not do so, if the sanctions are used as a case management tool. In the Teenage Parent Welfare Demonstrations, sanctions resulted in young mothers receiving more services and support from the system than they otherwise would. Although a third of the young mothers in the demonstration programs had their grants reduced for one or more months for noncompliance with participation requirements, program staff reached out to the young mothers before and after imposition of sanctions to coax, cajole, and pressure them into accepting whatever help was needed to get them back into compliance.

Half of those who received a sanction warning subsequently complied with their service plan or left welfare shortly after their warning, thereby avoiding a grant reduction. Of those whose grants were reduced, only one-third (about 10 percent of the entire caseload) experienced a long-term grant reduction. Case manager assessments and client reports suggest that those who did not have their grants reinstated generally had alternative means of support.

> To me, I really didn't need it, you know. I needed it, but I didn't need it, you understand. It wasn't like, "Oh, my God, if I don't get this check." It was like, "You can keep the check and everything else that comes with it." 'Cause you know, I was never down out struggling."

The clear message from both the young mothers and the case managers is that the financial penalties are fair and effective in changing the culture of welfare from both sides. Clients viewed the demonstration welfare system as supportive, albeit serious and demanding; case managers viewed it as highly motivating for both them in their roles as service providers and for clients who need to assume responsibility for themselves and their children.

> The first time they sent me a letter, I looked at it and threw it away. The second time, I looked at it and threw it away again. And then they cut my check and I said, "Uh, oh, I'd better go."

The quality of existing education and job training services seriously impedes the success of aggressive job-focused programs for this population. A common complaint among service providers is the low quality of education and job training services available for this population, as well as a dearth of job training for large segments of the population.

The public high schools encountered by participants in the Teenage Parent Welfare Demonstration had myriad problems common to large urban schools, and also were generally unsupportive of teen parents' special needs. The alternative education programs in the community were often staffed by ineffective instructors who were intolerant of the young mothers and insensitive to their special needs. Over time the programs succeeded in working with some of the local providers to tailor their services to better meet the needs of the teenage parents and they established some special on-site programs.

Job training programs are generally unavailable to members of this population, because of their low basic skills. Proprietary schools tend to be more available, but often use "hard-sell" tactics with the young mothers and fail to deliver promised placements in good jobs. Moreover, there is mounting evidence that traditional youth job training services, such as those provided by Job Training Partnership Act (JTPA) programs, are not effective for youth (Bloom et al. 1993; and Cave et al. 1993).

Child care and transportation services are critical to changing the culture of welfare. Both are real barriers to successful participation in out-of-home activities for welfare recipients. However, these problems are solvable. When program staff assumed the challenge of working with welfare recipients to address their child care needs, they succeeded.

Many young mothers opt for free or low-cost care by relatives. However, as children get older, the supply of relative care decreases and needs for more formal, paid arrangements increase.

> My mother says here babysitting days is over. She'll babysit the newborn, but she won't babysit the older one. He's too bad.

LOOKING AHEAD

The core premise of the Teenage Parent Welfare Demonstration, which featured universal coverage, participation mandates, and extensive support services, is compatible with the Clinton Administration's goal to change the culture of welfare. In building on the lessons from the Teenage Parent Welfare Demonstration, in particular, policy makers should note several key factors that were essential to the level of implementation success achieved in this demonstration:

- Controlled phase-in of the demonstration policies and services, to enable sites to build local capacity and adapt to policy and culture changes
- Firm but supportive oversight during a period of "experimentation" with the mandatory provision of the new welfare policy
- Maintenance of clear and consistent program objectives--in this case, the activity requirements
- Maintenance of modest case loads--60 to 80 per case manager
- Substantial preservice and ongoing staff training
- Local autonomy over the details of program design, with encouragement for flexible, but responsive, case management
- Strong support services, including child care and transportation assistance, coordinated through strong case management

These demonstrations lacked effective components to allow the young mothers to control their fertility, sufficient high-quality education and training options, and components aimed at preventing first births. Each of these should be part of the next generation of efforts address this nation's teenage pregnancy and parenting problems.

PAPERS PROVIDED FOR COMMITTEE STAFF

Maynard, Rebecca (editor). *Building Self-Sufficiency Among Welfare-Dependent Teenage Parents.* Princeton, NJ: Mathematica Policy Research, Inc., June 1993.

Polit, Denise F. *Barriers to Self-Sufficiency and Avenues to Success Among Teenage Mothers.* Princeton, NJ: Mathematica Policy Research, Inc., 1992.

REFERENCES

Advocates for Youth. Press release. 1994.

Ahn, G. "Teenage Childbearing and High School Completion: Accounting for Individual Heterogeneity." *Family Planning Perspectives*, Vol. 26, 1994, pp 17 - 21.

Alan Guttmacher Institute. *Sex and America's Teenagers.* New York, NY: Alan Guttmacher institute, 1994.

Berlin, Gordon and Andrew Sum. *Toward a More Perfect Union: Basic Skills, Poor Families, and Our Economic Future.* New York, NY: Ford Foundation, 1988.

Bloom, Dan, Veronica Fellerath, David Long, and Robert Wood. "LEAP: Interim Findings on a Welfare Initiative to Improve School Attendance Among Teenage Parents." New York, NY: Manpower Demonstration Research Corporation, May 1993.

Boyer, D. and D. Fine. "Sexual Abuse as a Factor in Adolescent Pregnancy and Maltreatment." *Family Planning Perspectives*, Vol. 24, 1992.

Cave, George, Hans Bos, Fred Doolittle, and Cyril Toussaint. "JOB START: Final Report on a Program for School Dropouts." New York, NY: Manpower Demonstration Research Corporation, October, 1993.

Center for Population Options. *Teenage Pregnancy and Too-Early Childbearing: Public Costs, Personal Consequences,* Fifth Edition. Washington, DC: Center for Population Options, 1990.

Cohen, Elena, Susan Golonka, Rebecca Maynard, Theodora Ooms, and Todd Owens. "Welfare Reform and Literacy: Are We Making the Connection?" Background briefing report for the seminar/forum held in the James Madison Memorial Building, Library of Congress, Washington, DC. June 10, 1994.

Congressional Budget Office. *Programs for Teenage Parents.* Washington, DC: U.S. Government Printing Office, 1990.

Ellwood, David. *Poor Support.* New York, NY: Basic Books, 1988.

Geronimous, A. and Sanders Korenman. "The Socioeconomic Consequences of Teen Childbearing Reconsidered." *Quarterly Journal of Economics.* Vol. 107, 1993, pp. 281 - 290.

Gleason, Philip, Anu Rangarajan, and Peter Schochet. *The Dynamics of AFDC Spells Among Teenage Parents.* Paper Presented at the Econometrics Society Meeting, Boston, MA, January 1994.

Gleason, Philip, Rebecca Maynard, Walter Nicholson, Denise Polit, and Anu Rangarajan. "Service Needs of and Use by Welfare-Dependent Teenage Parents." Princeton, NJ: Mathematica Policy Research, Inc., 1993.

Grogger, J. and S. Bronars. "The Socioeconomic Consequences of Teenage Childbearing: Findings from a Natural Experiment. *Family Planning Perspectives*, Vol. 25, 1993, pp. 156 - 161.

Hoffman, Saul, E., Michael Foster, and Frank Furstenberg Jr. "Reevaluating the Costs of Teenage Childbearing." *Demography*. Vol. 30, No. 1, February 1993, pp. 1 - 13.

Howard, Marion. "Postponing Sexual Involvement Among Adolescents: An Alternative Approach to Prevention of Sexually Transmitted Diseases." *Journal of Adolescent Health Care*, Vol. 6, 1985 (pp 271 - 277).

Kirby, Douglas, Lynn Short, Janet collins, Deborah Rugg, Lloyd Kolbe, Marion Howard, Brent Miller, Freya Sonenstein, and Laurie Zabin. "School-Based Programs to Reduce Sexual Risk Behaviors: A review of Effectiveness." *Public Health Reports*. Vol. 109, No. 3, May-June 1994.

Mallar, Charles, Stuart Kerachsky, Craig Thornton, and David Long. "Evaluation of the Economic Impact of the Job Corps Program: Third Follow-Up Report." Princeton, NJ: Mathematica Policy Research, Inc., 1982.

Maxfield, Myles and Mark Rucci. *A Simulation Model of Employment and Training Programs for Long-Term Welfare Recipients: Technical Documentation*. Washington, DC: Mathematica Policy Research, Inc., 1986.

Maynard, Rebecca (editor). "Building Self-Sufficiency Among Welfare-Dependent Teenage Parents." Princeton, NJ: Mathematica Policy Research, Inc., June 1993.

Maynard, Rebecca, Myles Maxfield, "A Design of a Social Demonstration of Targeted Employment Services for AFDC Recipients." Princeton, NJ: Mathematica Policy Research, Inc., 1986.

Maynard, Rebecca and Anu Rangarajan. "Prevalence and Causes of Repeat Pregnancies Among Welfare-Dependent Teenage Parents." *Family Planning Perspectives*, November/December 1994 (forthcoming).

Moore, Kristin, David Myers, Donna Morrison, Christine Nord, Brett Brown, and Barry Edmonston. "Age at First Childbirth and Later Poverty." *Journal of Research on Adolescence*, Vol. 3, No. 4, 1993.

Moore, Kristin. "Trends in Teenage Childbearing." Presented at the Seminar Series on Persistent Poverty conference on *The Causes and Costs of Teen Motherhood*. Washington, DC: American Enterprise Institute, April 5, 1994.

Nord, Christine, Kristin Moore, Donna Morrison, Brett Brown, and David Myers. "Consequences of Teen-Age Parenting." *Journal of School Health*, Vol. 62, No. 7, September 1992, pp. 310 - 318.

Olds, David, Charles Henderson, Robert Tatelbaum, and Robert Chamberlin. "Improving the Life-Course Development of Socially Disadvantaged Mothers: A Randomized Trial of Nurse Home Visitation." *American Journal of Public Health, Vol. 78, No. 11, November 1988 (pp. 1436 - 1445)*.

O'Sullivan, A., and Barbara Jacobsen. "A Randomized Trial of a Health Care Program for First-Time Adolescent Mothers and their Infants." *Nursing Research*. Vol. 41, No. 4, 1992, pp. 210 - 215.

Polit, Denise F. *Barriers to Self-Sufficiency and Avenues to Success Among Teenage Mothers*. Princeton, NJ: Mathematica Policy Research, Inc., 1992.

Polit, Denise and Cozette White. "The Lives of Young, Disadvantaged Mothers: the Five Year Follow-Up of the Project Redirection Sample." Saratoga Springs, NY: Humanalysis, Inc. May 1988.

Quint, Janet, Judith Musick, and Joyce Ladner. *Lives of Promise, Lives of Pain*. New York, NY: Manpower Demonstration Research Corporation, January 1994.

Quint, Janet, Denise Polit, Hans Bos, and George Cave. "New Chance: Interim Findings on a Comprehensive Program for Disadvantaged Young mothers and Their Children." New York, NY: Manpower Demonstration Research Corporation, June 1994.

Rangarajan, Anu, Ellen Eliason Kisker, and Rebecca Maynard. *Selecting Basic Skills Tests for Program and Evaluation Purposes*. Princeton, NJ: Mathematica Policy Research, Inc. 1992.

Rangarajan, Anu, David Myers, Rebecca Maynard, and Harold Beebout. "Life Prospects for Teenage Parents." Paper prepared for the Seminar Series on Persistent Poverty session of "The Causes and Costs of Teen Motherhood." Washington, DC: American Enterprise Institute, April 5, 1994.

Roper, Peggy and Gregory Weeks. "Child Abuse, Teenage Pregnancy, and Welfare Dependency: Is there a Link?" Olympia, WA: Washington State Institute for Public policy, Evergreen State College, October 1993.

Strain, Margaret and Ellen Eliason Kisker. "Literacy and the Disadvantaged: Analysis of Data from the national Assessment of Educational Progress." Princeton, NJ: Mathematica Policy Research, Inc., 1989.

U.S. Department of Education, Office of Educational Research and Improvement. *Youth Indicators 1993*. Washington, DC: National Center for Educational Statistics, October 1993.

U.S. House Ways and Means Committee. *The Green Book*. Washington, DC: U.S. Government Printing Office, 1993.

Zill, Nicholas. "Characteristics of Teenage Mothers." Presented at the Seminar Series on Persistent Poverty on the *Costs of Teenage Child Bearing*. Washington, DC: American Enterprise Institute, April 1994.

Mr. KOPETSKI. Thank you for your testimony, and I will reiterate that your complete statements will become a part of the record.

I represent Klamath Valley on the middle coast of Oregon, and we have worked through the years in Salem to develop what we now call a teen parent program. It has been one of the models, actually, in the Nation. First, it was a teen mothers program, and a few years ago we learned some more and changed the name and we changed the program along with it.

One of the things that our workers and leaders there explained to me is that this is a unique opportunity in these young people's lives; that they come from a poor background; they have a strong desire to make life better for their child, and they really pour themselves into finishing their education. It is not a GED program. It is a regular high school diploma program. They work on job skills, applying for jobs—resume writing and various kinds of professions and they are tied in with the community college. It is a very comprehensive program.

What are your thoughts, each of you, in terms of this idea that this is a unique opportunity to help these young parents? Dr. O'Neill, what is your experience?

Ms. O'NEILL. Well, I don't have any direct experience working with programs that try to help teen mothers. But I have looked at data about what happens to children of these teen mothers, and the children do not do very well.

Women who are on welfare long term have children who, unfortunately look like they will repeat history. Of course, frequently, people do have their own resources, and amazingly, can pick themselves up and overcome all kinds of odds and do well. But, on average, children of long-term recipients do poorly as I have found in my research on the achievement scores of young children—similar to the research that Greg Duncan described this morning. But the result that Greg Duncan emphasized was that families with higher incomes had children who had better outcomes. But this does not mean that giving a family higher welfare benefits is going to raise children's scores. In fact, my colleague Anne Hill and I found that among the welfare population, the children of those who lived in high-benefit States performed no better even though they had higher incomes because welfare benefits were higher than children who lived in low-benefit States, meaning that if income is given in that fashion—in the form of welfare—it really is not the same as income that is earned and reflects other motivational aspects of the family.

What I think is really important and the reason that I am concerned about welfare per se is that it does have effects on motivation, and that these effects get passed along to children. And I think that a culture develops that makes it extremely difficult to intervene at some point and then say, well now we will provide services.

While services to teen mothers may help marginally—some studies show that modest benefits can be achieved in terms of the mother's high school completion, unfortunately the services are not a deterrent to further childbearing and may actually be counterproductive. That is, they may act as another signal society is giving that it is OK to have a child when you are yourself a very young

and immature person who has no hope of supporting a child on her own.

Mr. KOPETSKI. Let me ask you, before I ask the others, the other two people on the panel. One way to characterize your testimony might be that you are the pessimist, in the sense that you say you really question whether it will ever produce substantial results. You do say, let us put a lot of effort and all three of you say this in prevention, in education up front.

But isn't there a danger in just looking at benefits and dollar amounts and States and not getting to, as Dr. Williams is talking about, the quality of programs? I mean, unfortunately, the Salem project is unique in Oregon and in America, and I am sure my folks out there could produce not just anecdotal results, but empirical data showing the success of their program.

When you have this unique opportunity with these people, and as we know most of these young mothers coming from a life of poverty, that maybe this is where you do break that cycle. If you have the right quality program.

Ms. O'NEILL. Well, I think that it has been proven over the years that although there are certain programs that are excellent, that it is very hard, on a mass scale, to rely on these programs to actually turn the situation around. And, again, while a service program may be ameliorative, it does nothing to prevent teen pregnancy in the first place.

So I think you are forced at some point to really face the unpleasant choices and talk about programs that would severely limit welfare in some way, or make teenage mothers ineligible for welfare, at least until they reach a certain age. A change like that sounds very harsh, but I think that it may, in the long run, really be the kindest approach because it would actually force people, no matter where they are from, to think about the consequences of their actions. And if they do not, their mothers will say, my God, my daughter is—if my daughter gets pregnant, who will support her, and that mother will then pay more attention to what her daughter is doing. And so you are sort of always going——

Mr. KOPETSKI. Well, that is assuming——

Ms. O'NEILL [continuing]. As long as the welfare system is intact.

Mr. KOPETSKI. Doesn't that assume there is that kind of relationship between a mother-daughter, father-son to talk about the consequences of your sexual activity. And how realistic is that?

Ms. O'NEILL. If the girl is estranged from her parents then she probably has some kind of streetwise sense herself. She will know the difference when there are no benefits that are going to be provided. She will know that she is going to have to think of some way of supporting her child if she has one. She may think a great deal harder before she has the child. I expect that most people are sufficiently rational that they would.

Mr. KOPETSKI. Well, I grew up in a Catholic home and went to a Catholic school for, some would argue, too many years, and these young girls and their mothers, they didn't talk about sex. Unfortunately, I go to townhall meetings in my district and they still do not talk about sex. They do not want to talk about it in schools and they do not want to talk about it at home. I do not know where they talk about it, but they find out about it, sometimes too late.

We have some statistics that show something like 70 percent or so of these young people, they were not thinking about the financial consequences and the quality of lifestyle of their actions when they hopped into bed with somebody.

Ms. O'NEILL. In the short run, the benefits may not sound very attractive to an adult, but to somebody who is 16, benefits in many States—the entire package—looks like a lot. In fact, it is comparable to what they could ever hope to earn on their first job.

Mr. KOPETSKI. That is what I don't understand. You think kids talk about these things before they have sex, before they are about to hop in the sack.

Ms. O'NEILL. No, I think they are aware of the general scene. Girls from families that have more education and higher incomes and live in better neighborhoods also have sex, but they worry about having a baby because they are afraid it is going to wreck their lives and they know that it will make it more difficult for them to go to college and will be an impediment to everything they hope to attain. So they somehow——

Mr. KOPETSKI. The poor kids know about it, too.

Ms. O'NEILL. But to them, these things do not seem like a reality and that is part of the problem. They frequently have had problems in school and I think that these problems should be addressed starting at a young age, as I pointed out in my prepared testimony.

The competence of young people has to be improved so that they can hope to do something rewarding, even if it does not involve going to college, by learning a skill; and they might plan for marriage which is something that people used to plan for when they thought about having a child.

Mr. KOPETSKI. I just think it is fascinating because you are a Ph.D. and professor of economics and finance. I think this is a very good panel. So now we should go to the Family and Children's Policy Center and see what she thinks these youngsters think about when they think about having sex.

Ms. WILLIAMS. Again, let me put the youngsters along with the rest of us. Rarely is having sexual intercourse preceded by a thoroughly rational process among any age group, and I think that there is a lot of data——

Mr. KOPETSKI. I would hope not.

Ms. WILLIAMS. And there is a lot of data.

Mr. KOPETSKI. That would take all the fun out of it.

Ms. WILLIAMS. The younger you are, the less likely it is to be preceded by a group of calculations about what the consequences may be, whether sexually transmitted diseases or pregnancy will result or whether if I do get pregnant what will happen.

As a matter of fact, there is a lot of evidence among teenagers, both in the literature and in my experience of interviewing teen mothers, that a large majority of them think "I didn't think it would happen to me this time, because I had intercourse twice last year and nothing happened and I was 15, so I didn't think it would happen to me." That is a very common notion among teenagers.

Some teenagers also want to get pregnant because they want a baby. So there is no monolithic teenager. I think we really need to make sure that we remember that. But I do not think that teen-

agers who come from poor and even welfare-dependent families make that kind of calculation.

Now, I do think what happens is that once a child is born, if you come from a family that has been on welfare, and it is very common in your neighborhood, it becomes an acceptable way to support the child. Now, that I think is true. But I don't think this calculation occurs ahead of time. You came from a good Catholic family. I came from a good Baptist family. They didn't talk about sex either and they still don't. And I think that most teenagers do not have good information about sex or about the consequences of their actions. And I think that early sexual activity is really a great problem in this country and it is greater in this country than it is in other countries.

The consequences of it are greater even though sexual activity is fairly high in other countries. We seem to have the highest pregnancy rate, the highest abortion rate and the highest birth rate among teens than the rest of the Western industrialized world.

So I think that we have some very complicated issues that are multilevel, but I don't think that it is all in the realm of economics or all in the realm of sex education. I think that there are a number of issues here, and as my colleague on the left has said, we really do not know a great deal about what works in many instances in terms of prevention. We certainly have not tried a great deal of it.

But let me just pose for you one set of thoughts I have had on this issue. I think it does make a great difference that at least the teenage population I know best, which is an inner-city black teenage population, largely from single-parent households, resource-poor neighborhoods and poor schools; that children in those schools from first grade on and latency age on up, it gets more and more exacerbated, have nothing to do after school, nothing to do on weekends that we would consider constructive. The neighborhoods are very resource-poor.

Their mothers are working and their mothers have very good intentions, but if they are single parents and they are away from the home and a girl comes home at 3 o'clock because the school door is locked and everybody who works in the school cannot wait to get away, there are no neighborhood activities, we have to admit sex is interesting; for if you are 12, 13, 14, 15, and if you do not have other activities to engage in, it is one possibility, particularly if you are not supervised.

I am not so sure that that would be terribly different for middle- and upper-class kids. One of the real differences between the children that I see in these neighborhoods and my very own children who are now adults and are males, but I knew where they were all the time, even though I was a working mother. They were in multiple sports programs on Saturdays, after school. They really had very little time to get into mischief. They got into some, but not very much, in part because they had their lives surrounded by a number of activities, expectations, some sanctions. It was a whole combination of things and many of our poor children do not have that.

And I do think pregnancy is sometimes a window of opportunity because I know many teen mothers who become pregnant and for

the first time they are able to take on some responsibility. They feel that I can be responsible.

Now, the conditions for the child may not be ideal, and we may not know the long-term outcomes for that. For some of these women, having a baby does have a salutary effect. For the first time they see a reason for finishing school, and what is unfortunate is they cannot see that ahead of time as being intrinsically worthwhile for themselves, that I don't have to have a child to have a reason to finish school or to do something. Unfortunately, that is true for many of these young women.

Mr. KOPETSKI. Thank you.

Dr. Maynard, you are going to get the last word this Friday afternoon.

Ms. MAYNARD. Well, let me say that most of the young mothers that we studied and we had over 6,000 of them, they do not admit they are sexually active at first. They just had sex once or twice. So the first thing, if you are going to contracept, you have to admit that you are or are about to be sexually active and you have to take some very specific actions to prevent that first birth. So the first pregnancy is occurring because the kids are engaging in sex and they have not yet started contracepting. We had only about a quarter of your young mothers had ever used contraception before their first birth.

The same is not true of subsequent births. We had very high rates of repeat pregnancies, which all programs for teenage parents have seen, regardless of what interventions they try to put into place. My take on the repeat pregnancies is a little different than others have expressed.

Our mothers definitely did not want to have second births. They knew how babies were made. They knew how to contracept. They had access to contraception, and 80 percent were contracepting, but they were not contracepting effectively. Why not? Because they did not sleep in the same homes every night, the pills were here, the pills were there.

They don't live on 24-hour clocks like the rest of us. So it is not like they go to work at 7 o'clock and they take the pill at 6:55. So there were lots of things that make it very difficult for these young people. The boys are not, the men not necessarily cooperative. They complain about side effects with their methods of contraception that have nothing to do with them.

So the repeat pregnancies here, at least in my judgment, after working with and studying a lot of these young mothers, is—the repeat pregnancies were really just that they do not have lives that are organized enough yet to contracept effectively rather than any incentive to, for the $60 welfare increment.

You asked another question I thought at the start about this model program and I want to respond to that because I think I am a little, I am actually fairly optimistic that we can make some changes in the life courses of those teens who do fall into the teen-parent category through two things. We, I think, did make some very major changes in this welfare demonstration where we did part of the job, part of what is being talked about.

We had serious participation requirements. We had consequences, and we really changed the culture of the welfare cffices

in a major way. We made the welfare offices accountable to the kids, the caseworkers were accountable for identifying what were the real obstacles, the real reasons the kids were not going to school, the real reasons they were not getting jobs.

The caseworkers had to get inside those homes and take real actions, deliver real services. The mothers had to do something too, and when the mothers did not do something, the welfare grants got cut and then the caseworkers went and found the mothers and brought them back. Because no good caseworker can stand to cut a check by $160 a month.

So the caseworkers were highly motivated by this. And the culture in the offices change and it changed very quickly. So there is something about a mandatory—one way to phrase it is mandatory. I don't like that word, but it is the term that we have used. What we did not do a good job at, and what you may be doing a better job at in Salem, is we did not have a lot of money to spend on services. We were a low-budget program. We operated at about $166 per case per month on extra services.

In this Federal demonstration we were operating large scale on a replicable level budget. If we could have had good education programs, good training programs, more extensive followup on the more difficult cases, we may have made some difference.

The last thing I want to point out is that we have tried the high-intensity service delivery in a voluntary setting, where you do not have clear expectations on the parts of either the client or the program. There is no obligation to make this work, and those programs have not succeeded very well. The two examples are the new chance demonstration, which has just had its first round of evaluations and the results are not very positive for a very expensive program; and a job start program which was not exclusively for young mothers.

If you look across youth programs, the common features of programs that do well are they are job focused. Not necessarily immediate job focused, but they keep their eye on a job at the end and they are real serious programs, whether that means mandates with sanctions or whether that means serious consequences like you get kicked out of the program if you do not come 20 hours a week, 30 hours a week. Those are the programs that are succeeding.

Mr. KOPETSKI. OK. Very good. I want to thank each of you, and I know it is Friday afternoon and you might have some planes to catch and so travel well. Thank you. This hearing is adjourned.

[Whereupon, at 2:55 p.m., the hearing was adjourned.]

TRANSITIONAL ASSISTANCE, WORK, AND THE ROLE OF THE STATES IN WELFARE REFORM, AND FINANCING ISSUES

TUESDAY, AUGUST 9, 1994

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to call, at 1:10 p.m., in room B–318, Rayburn House Office Building, Hon. Harold E. Ford (chairman of the subcommittee) presiding.

Chairman FORD. The Ways and Means Subcommittee on Human Resources will come to order. Today the Subcommittee on Human Resources holds its fifth of a series of hearings on welfare reform. This hearing focuses on four complex and interrelated welfare reform topics—the role of States, transitional cash assistance, work, and financing.

While President Clinton has fulfilled his campaign pledge to propose a bill "ending welfare as we know it," some States claim they already have been "ending welfare as we know it." They are pursuing waivers of Federal law to experiment with financial work incentives, job creation, rewards for positive behavior, such as attending and succeeding in school, penalties for negative behavior, such as noncooperation with education, training, and work requirements, and caps on benefits for parents who have additional children while they are on welfare. With this activity as a backdrop, the subcommittee is interested in how the Governor of Delaware, Governor Carper, and other State representatives see the Clinton plan affecting their ongoing efforts at reform.

When I worked on the Family Support Act of 1988, we based much of our policies on solid research evidence, which justified greater efforts in the enforcement of child support orders and an expansion of education, training, child care, and work activities for welfare recipients. Today, we don't seem to be guided as much by research evidence as we are by partisan rhetoric. Job creation is critical to the success of the President's plan, yet even a modest public service employment program is shouted down as politically incorrect. Is it wrong to stress direct job creation? Do we need more jobs than the Clinton plan offers? The subcommittee looks forward to the answer to these and other questions that the panel members will be discussing today.

The final panel focuses on financing, particularly the sweeping proposals by some to deny all noncitizens welfare benefits. At a

minimum, we should make sure that our immigration and welfare policies are not at cross-purposes. We should also make sure that the Federal Government does not shift the costs of Federal immigration policies onto State and local governments who have no control over the flow of immigrants. Having heard testimony last year on immigration and welfare programs, I wonder whether the problems are with our immigration policies, not our welfare programs.

Before we ask the Governor of Delaware and the distinguished witnesses on our four panels to testify, I want to welcome Hon. Barbara Jordan, chair of the U.S. Commission on Immigration Reform, and a former Congresswoman, who I had the distinct pleasure to serve with here in this House. She and her Commission members have struggled mightily with the complex issues of immigration and recently have reported some preliminary recommendations to the Congress. The subcommittee looks forward to her testimony, particularly as it relates to the various ways in which denying or delaying welfare benefits to noncitizens might finance welfare reform and other initiatives.

The subcommittee has long been interested in your testimony as it relates to welfare reform. As chairman of this subcommittee and for those on the majority side of this committee, we welcome you. We certainly respect your work in the legislative process over the many years that you served.

I recognize the ranking minority member, Mr. Santorum.

Mr. SANTORUM. I, too, want to welcome Ms. Jordan to the subcommittee and congratulate you on your recent award. It is well deserved. It is an honor to have you before us and give us an opportunity to talk with you.

My opening statement will be brief. I just want to express some reservations and concerns that the minority has with respect to the scope of the hearing. In today's hearing, we are covering the work aspects of welfare reform, financing of welfare reform, and States issues involving welfare reform.

All of these deserve their own platform and extensive discussion. Obviously the work aspect of welfare reform is crucial to all of the reform proposals that have been put forward. We believe an airing of the issues, listening to not only States that have implemented some model programs, but also to organizations that advocate much more aggressive positioning on this issue, and just a broader spectrum of witnesses and a more lengthy discussion, I think, would be helpful. I understand the push to try to get something finished, although frankly, I will ask the Chairman, do we yet have a time schedule for when we are going to consider this bill in subcommittee?

Are we going to consider the bill in subcommittee prior to the August break—whenever that may be—and do we have any plans after the August break to move from the subcommittee or the full committee on this issue?

Chairman FORD. It is the Chairman's intent to make those announcements later this week as soon as I confer with the chairman of the full committee and the leadership of the House. As to a timeframe and time schedule for markup, it will probably be announced tomorrow. I would not anticipate any markup session prior to the August recess.

I certainly would anticipate that there is going to be a markup session after we return from the Labor Day break.

Mr. SANTORUM. Thank you.

My only comment would be if, in fact, we do not have markup scheduled between now and the end of this session before the recess, I would look forward to working with you to possibly give these issues that we are going to discuss today broader coverage and more discussion to get into more of the details that I think will be necessary to come up with a good piece of legislation.

Chairman FORD. If you will yield and let me respond.

It is the intent of the Chair to give additional days for witnesses to testify in these areas. We were under the impression that we might have had this bill on a fast track to move to the full committee and we certainly didn't want the subcommittee to get the blame for not being prepared to hold a markup session to report the bill out.

Mr. SANTORUM. So we are looking at the earliest at mid-September to consider the bill in subcommittee?

Chairman FORD. I will not say mid-September, but I don't anticipate any word from the leadership to move the bill out of this subcommittee before the August recess.

Mr. SANTORUM. Thank you, Mr. Chairman.

Chairman FORD. Mr. Levin.

Mr. LEVIN. No. I am waiting for the distinguished witness. Thank you.

Chairman FORD. If not, I recognize Hon. Barbara Jordan. We are delighted to have you and we recognize you at this time.

STATEMENT OF HON. BARBARA JORDAN, CHAIR, U.S. COMMISSION ON IMMIGRATION REFORM; ACCOMPANIED BY SUSAN MARTIN, EXECUTIVE DIRECTOR

Ms. JORDAN. Thank you for giving me an opportunity to come to you this afternoon and testify as to the recommendations of the Commission on Immigration Reform.

Mr. Chairman, seated to my left is Dr. Susan Martin. She is the executive director of the Commission on Immigration Reform. Our mandate as a Commission does not extend to welfare reform as you are studying it in your subcommittee. However, there is one feature of our recommendations which does overlap on the issue of welfare reform and that feature is immigrant eligibility for public benefits. I am very pleased to share the preliminary findings of our Commission to help your debate as you struggle with what is indeed a complicated issue.

A few words about the Commission: We are bipartisan. We were created in the Immigration Act of 1990, which was passed by the House and the Senate. There are nine members of the Commission. The members are named by the majority and minority leaders of the House and the Senate. The Chair is named by the President, and President Clinton appointed me as chair of the Commission in December 1993.

We are bipartisan and I tell the subcommittee that the recommendations of our Commission, the preliminary findings, have been unanimously presented by the Commission for action by the Congress.

It has not been easy. It is not easy because immigration is not an easy issue. Distinguishing fact from fiction has been almost impossible because the debate is so highly emotional that it is difficult to sort out the fact and the fiction.

What we have heard as a Commission is contradictory testimony and shaky statistics, some honest confusion, and a lot of people just don't understand the nature of all of the impacts of immigration.

Nevertheless, we have tried throughout the work of the Commission to engage in a nonpartisan debate to reach conclusions and we have reached those conclusions based on an analysis of the best data available.

I can tell you, Mr. Chairman, that as disparate as our views are, it is not easy to recommend those views as unanimous views; but they are, and I understand that that is not a condition which is familiar to the House of Representatives or the Congress of the United States.

The Commission believes that legal immigration basically has been a strength in this country. Most legal immigrants are here because their spouses or children or parents or siblings are U.S. citizens or people who are long-term, permanent residents of this country. Very small is the number of immigrants who are here because certain businesses have touted them and sponsored them to be here because their talent and skills are needed.

Mr. Chairman, we believe that immigration is a plus. We take the decision to admit these immigrants, these residents, with the expectation that they will become a part of our social community, that they will become a part of what is an American community. We admit immigrants here and we believe it is the first step to becoming integrated into our civic culture and eventually becoming a part of our polity. Any cohesion of this country requires that we take these arrivals into our country and integrate them into our social and cultural life.

The Commission believes in a clear and consistent policy on eligibility for public benefits and we believe that that is key to credible immigration policy and credible welfare policy. As a country, we have the sovereign authority to make distinctions as to the rights and responsibilities regarding the various persons who reside in our territory.

We believe that distinctions regarding eligibility for public benefits should be consistent with the objectives of our immigration policy.

What are the objectives of our immigration policy? They are two: Support legal immigration and deter unlawful immigration.

As far as legal immigrants are concerned, this logic has brought the Commission to a strong and unanimous conclusion. Legal permanent residents should continue to be eligible for needs-tested assistance programs. U.S. law already bars the entry of people who are likely to become a public charge.

We recognize, however, that circumstances may arise after entry which create a pressing need for public health, things like unexpected illnesses, injuries sustained due to a serious accident, loss of employment, death in the family.

The Commission is not prepared to lift the safety net from under these individuals who we hope will become an integral part of our

social community. We believe strongly and we recommend against any broad categorical denial of eligibility for public benefits to legal immigrants on the basis of their alienage.

At the same time, the Commission strongly endorses initiatives to ensure that sponsors are financially responsible for the immigrants they bring into the country. If an immigrant cannot show that he or she has financial resources or a job in this country, the sponsor must demonstrate a capacity and intention to support the new arrival. This is done through an affidavit of support.

At present, this affidavit is morally binding. The Commission believes that affidavits of support signed by sponsors should not be just morally binding, but legally enforceable. Mechanisms should be developed that would ensure the sponsors provide support for those they have sponsored to come into the country.

The Commission also believes that changes should be made in our immigration law to more effectively address violations of our public charge provisions. My written testimony which you have, Mr. Chairman and committee, has additional information on this subject.

The Commission believes that benefit eligibility determinations are complicated by the myriad statuses now afforded to individuals within this country. I am a newcomer to this subject. I am still confused by the alphabet soup of immigration, DED, TPS, PRUCOL—in some instances, in some cases, eligibility for benefits is clearly spelled out. In other cases, it is anyone's guess.

We believe that the Immigration and Naturalization Act should specify categories of aliens by their work and benefits eligibility. Every alien should be assigned to one of these categories, in that way when we make decisions to permit people to remain in the country permanently or temporarily, we will at the same time be forced to decide their eligibility for benefits.

Let me add a word about the Commission's recommendations regarding the eligibility of illegal aliens for public benefits. If an alien is in the United States unlawfully, he or she should not receive public benefits. Publicly funded aid should not be received by a person illegally here except in very unusual circumstances where there is an emergent need for specific assistance, such as emergency health care, where there is public health, safety, or welfare interest involved, such as immunizations, programs to prevent the spread of communicable diseases, child nutrition programs, and school lunch programs; and where that eligibility is constitutionally protected, of course, it goes on.

Why this distinction between the eligibility of legal immigrants and illegal aliens? Illegal aliens have no right to be in the country. They are here illegally. They are not a part of our social community. They are law violators. There is no intention that we integrate the law violator into our civic culture.

As human beings, yes, they have certain rights. We certainly should not turn them away in a medical emergency. As a Nation, it is in our interest to provide a limited range of other services—immunizations and treatment for communicable diseases certainly fall into that category, but if illegal aliens require other aid, it should rightly be provided in their own countries.

One last observation. We have heard arguments that the safety net should be for citizens only, that we can't afford to do more. I believe firmly that citizenship in this country is something to be cherished and something to be protected. I want all immigrants to become citizens. I want them to seek citizenship, because that is the key to full participation in our political community, to know firsthand and to understand the American form of democracy. I want to see the many barriers to naturalization removed.

However, I do not want immigrants to seek citizenship just because they want to take the route to our safety nets. To me that is a debasement of our citizenship and I wouldn't be a party to that.

From my perspective, the safety net provided by welfare programs should be for those members of our social community who are most in need. I for one do not want to protect one group of Americans at the expense of another. That course of action is not consistent with the principles of equal protection under the law, nor does it help to achieve that all too elusive goal, which I do think is achievable, and that is a united country.

Mr. Chairman, that concludes my testimony and I am willing to answer any questions the committee or you may have.

[The prepared statement follows:]

TESTIMONY OF BARBARA JORDAN
U.S. COMMISSION ON IMMIGRATION REFORM

Mr. Chairman, Members of the Subcommittee, thank you for providing me the opportunity to testify this afternoon on the recommendations of the U.S. Commission on Immigration Reform. The Commission was established by the Immigration Act of 1990 to assess the implementation and impact of U.S. immigration policy. The Commission will present its first report to Congress on September 30, 1994. That report will focus primarily on steps needed to restore credibility to U.S. immigration policy and its enforcement.

While our mandate does not extend to the broad range of issues that this Committee is considering regarding welfare reform, there is an overlap in one area: immigrant eligibility for public benefits. I am pleased to share our preliminary findings and recommendations on this issue in the hopes that they will help inform your debate on welfare reform.

I would first like to say a few words about the Commission itself. We are a bi-partisan group composed of nine members. I was appointed to the Commission by President Clinton. My eight colleagues were appointed by the Democratic and Republican leadership of the two houses of Congress.

Our work has not been easy. Distinguishing fact from fiction has been almost impossible, because of what has become a highly emotional debate on immigration. We have heard contradictory testimony, shaky statistics, and a great deal of honest confusion regarding the impacts of immigration. Nevertheless, we have tried throughout to engage in what we believe is a systematic, non-partisan effort to reach conclusions drawn from analysis of the best data available. The recommendations that I present today have been adopted unanimously.

The Commission believes that legal immigration has been and can continue to be a strength of this country. Most legal immigrants are the spouses, children, parents or siblings of a U.S. citizen or long-term permanent resident. A smaller number are sponsored by businesses that need their skills and talents. We take an affirmative decision to admit these individuals. It is with the expectation and desire that they will be integrated immediately into our social community and, eventually, through naturalization, into the political community as well.

The Commission believes that a clear and consistent policy on eligibility for public benefits is key to a credible immigration and welfare policy. The United States has the sovereign authority to make distinctions as to the rights and responsibilities of the various persons residing in its territory. We believe that distinctions regarding eligibility for public benefits should be consistent with the objectives of our immigration policy -- to support legal immigration in the national interest and to deter unlawful entries.

As far as legal immigrants are concerned, this logic has brought the Commission to a strong and, as I mentioned, unanimous conclusion: Legal permanent residents should continue to be eligible for needs-tested assistance programs. U.S. law already bars the entry of those who are likely to become a public charge. We recognize, however, that circumstances may arise after entry which create a pressing need for public help -- unexpected illness, injuries sustained due to a serious accident, loss of employment, a death in the family. The Commission is not prepared to lift the safety net out from under individuals who, we hope, will become integral parts of our social community. We therefore strongly recommend against any broad, categorical denial of eligibility for public benefits to legal immigrants on the basis of their alienage.

At the same time, the Commission strongly endorses initiatives to ensure that sponsors are financially responsible for the immigrants they bring to this country. If an immigrant cannot show that he or she has financial resources or a job in the U.S., the immigrant's sponsor must demonstrate a capacity and intention to support the new arrival. This is done through an affidavit of support. At present, this affidavit is a morally-binding document. The Commission believes that the affidavits of support signed by sponsors should be legally enforceable, with contingencies made if the sponsor's financial circumstances change significantly for reasons that developed after the immigrant's entry -- for example, if the sponsor sustains a serious injury that prevents him or her from working. Mechanisms should be developed that would ensure that sponsors provide the support that they have promised.

While the Commission does not reject the concept of deeming, we do not believe deeming alone is the best way to ensure sponsor responsibility. We heard testimony that deeming can merely shift costs from one level of government to another. The immigrant is ineligible for federal programs, but he or she may retain eligibility for state and local benefits. Even if the federal government extends to states the authority to deem, a number of state constitutions would appear to preclude that action. Alternately, deeming leaves the immigrant whose sponsor abdicates responsibility with no financial resources at all. A legally-binding affidavit of support helps address both of these problems.

The Commission also recommends changes in immigration law to more effectively address violations of our public charge provisions. As I stated, when new circumstances arise after entry, we must maintain the safety net. However, when immigrants become dependent on public programs within the first five years after entry for reasons that existed before entry, they are legally deportable. We must have a greater capacity to enforce our law in this regard. At present, to prove deportability, the government must show that 1) the immigrant received public assistance, 2) the government billed the immigrant for these services pursuant to a specific statute, and 3) the immigrant failed to repay the funds. This standard is inappropriate given the way that public benefit programs work. The Commission recommends instead that deportability on the grounds of public charge be measured by sustained use of the public benefits and not on the basis of a government request for repayment of the aid.

The Commission believes that benefit eligibility determinations are complicated by the myriad statuses now afforded to individuals within this country. While the rights of lawful permanent residents, refugees and asylees have been spelled out in immigration and benefit laws, the Executive Branch, Congress and the courts have created various other statuses that may or may not denote benefit eligibility. The INA should specify categories of aliens by their work and benefit eligibility, such as: those eligible for work and needs-tested benefits; those eligible for work and only those benefits that accrue from employment; and those eligible for no benefits except those provided on an emergency basis or for compelling public health, safety and welfare grounds. Every alien should then be assigned to one of these categories.

Let me add a word here about the Commission's recommendations regarding the eligibility of illegal aliens for public benefits. If an alien is in the U.S. unlawfully, he or she should not receive publicly-funded aid except in very unusual circumstances: where there is emergent need for specific assistance, such as emergency health care; where there is a public health, safety or welfare interest (such as immunizations, programs to prevent the spread of communicable diseases, child nutrition programs and school lunch programs); and where their eligibility is constitutionally protected.

Why this distinction between the eligibility of legal immigrants and illegal aliens? Illegal aliens have no right to be in this country. They are not part of our social community. There is no intention that they integrate. As human beings, they have certain rights -- we certainly should not turn them away in a medical emergency. As a nation, it is in our interest to provide a limited range of other services -- immmunizations and treatment of communicable diseases certainly fall into that category. But, if illegal aliens require other aid, it should rightly be provided in their own countries.

One last observation. We have heard arguments that the safety net should be for citizens only. That we cannot afford to do more.

I believe firmly that citizenship in this country is something to be cherished and protected. I want all immigrants to become citizens. I want them to seek citizenship because it is the key to full participation in our political community -- to know first hand and understand the American form of democracy. I want unnecessary barriers to naturalization -- and there are many of them -- to be removed. However, I do not want immigrants to seek citizenship because it is the only route to our safety nets. To me, that would be a debasement of our notions of citizenship.

From my perspective, the safety net provided by welfare programs should be for those members of our social community who are most in need. It would be far better if no one needed welfare. In deciding who should receive this help, I, for one, do not want to protect some Americans at the expense of others. That course of action is not consistent with the principles of equal protection under the law. Nor does it help us achieve that all too elusive goal -- a united country.

I would be happy to answer any questions you may have.

Chairman FORD. Thank you very much, Ms. Jordan.

You mentioned in your testimony that the immigration policy should deter unlawful immigration and support lawful immigration and eventual citizenship. In support of this statement, you mentioned that legal permanent residents should continue to be eligible for means-tested assistance programs and that sponsors should be financially responsible through legally enforceable affidavits of support for immigrants they bring into this country.

The Clinton administration has suggested that we tighten the rules for noncitizens. How will immigration policy influence immigrants to become citizens?

Ms. JORDAN. One thing, Mr. Chairman, we could simplify the route to citizenship. I talked to a naturalized citizen just this morning incidentally and she talked about how she almost despaired of the process.

Mr. Chairman, if we want to encourage the immigrant to become a citizen, then the process at least should not be pockmarked with impediments which prevent smooth access to citizenship.

So that is one thing we could do to ease that road to naturalization, and I would like for our executive director, Dr. Martin, to add to that response, Mr. Chairman.

Chairman FORD. In doing so, do you think we should limit public assistance to citizens only?

Ms. JORDAN. Mr. Chairman, the person who gets here having violated the law should not expect public benefits and we limit public benefits, not to citizens only, but to legal immigrants and, of course, the citizens who are entitled to those benefits.

Ms. MARTIN. The bottom line for the Commission as it discussed these issues was the recognition that no one should be on welfare. That is not the goal; that these programs are safety nets. They are programs that are designed to help when all else fails and under that concept, those who have been affirmatively admitted to the country with the expectation that they will become a part of our society, should be fully within the safety nets that we have established.

We hope that they won't need them. We would like to tighten some of the provisions to make sure that sponsors provide support to them. We want to make sure that if there have been things that have occurred prior to their entry that are likely to make them public charges, that we know about it and can deal with it before they come in.

But if circumstances arise after entry, then these public programs should be available to legal permanent residents from the point that they need them, rather than at the point that they become citizens.

Chairman FORD. Ms. Jordan, what mechanisms of enforcement have been discussed to ensure sponsors uphold their pledges of support when they bring their spouse, mother, father, children or siblings into this country?

Ms. JORDAN. What the Commission recommends is that the sponsors have a legally enforceable obligation to support the immigrant. How do you enforce that? If you have a legally enforceable affidavit, then you enforce it under those rules of law which are already in place for the enforcement of legal contractual obligations.

Chairman FORD. Let me follow through on that. The Commission, Ms. Jordan, was charged with the task of making recommendations regarding the implementation and the impact of U.S. immigration policy. This task was particularly difficult because there is a lot of fiction being espoused as fact when considering the impact the immigrants have on this country. Did the Commission consider the effect of the expiration of the 5-year bar on program participation for IRCA amnesty aliens will have on public assistance programs?

Ms. JORDAN. Dr. Martin has worked on this for a long time.

Ms. MARTIN. The Commission is now in the process of reviewing the various models in terms of both the levels of eligibility that different groups have had for assistance. We have looked at the situation of those who are legalized under the Immigration Reform and Control Act to identify which programs they were eligible for and in a related issue, the mechanisms for reimbursement of the costs to States and localities that arose from the use of benefits.

An issue that we have been concerned about is not opening up a situation as occurred with the legalized aliens and also occurs with illegal aliens where you end up with mixed households, where some members of the household are eligible for assistance and others aren't.

The Commission talked about not wanting to develop a system in which one child, for example, because of the accident of being born here, is eligible for the full range of AFDC, Medicaid and other services, and another child who may be 2 years older, but was born in the country of origin, is not eligible and that child can't naturalize until they reach the age of 18 if the parents don't naturalize.

The Commission is concerned that we not build up these anomalous situations where we divide up families in terms of their eligibility, not based on needs, but based on the accident of birth even though the assumption is that both children are going to live permanently in the United States.

Chairman FORD. We have had joint sessions with Mr. Pickle of Texas who chairs the Oversight Subcommittee on Ways and Means. The Subcommittee on Human Resources has jurisdiction over the supplemental security income program, SSI. We have seen a growing number of immigrants who have gone on the SSI rolls and naturally it has raised great concerns in the Congress.

I, as chairman of this subcommittee, have looked at how we have had middlepersons involved who have been representatives for non-English-speaking immigrants who have qualified for SSI benefits.

Ms. Jordan, do you see this as a problem? Maybe immigration policies should be addressed here rather than charging those of us who handle public assistance programs and have responsibility over welfare policy in this country. We should focus and work closely with the Commission and the chairperson and others to tighten the policy on the rules for sponsors who are bringing these immigrants into this country.

Ms. JORDAN. Mr. Chairman, you have a series of questions and the answers to all those questions are yes, yes, yes.

Mr. Chairman, the bad news is that our data is so weak that we cannot tell you the nature and extent of the problem you have just

described with SSI benefits going to immigrants. Our Commission has determined that we have got to get good data so that we can help support the kinds of issues which must be decided by our policymakers.

You cannot decide on the issue of SSI and other kinds of benefits unless we can somehow quantify how much money we are talking about, how many people we are talking about, where the obligation runs to the donor and donee. We have recommendations which we will propose to make—to improve the data so that at least we will be able to verify and quantify the nature and extent of the problem and help you provide a better answer.

Ms. Martin——

Ms. MARTIN. To add on the SSI issue, while we have data on foreign born and their use of supplementary security income, we don't necessarily have the more refined data to really understand why it is that parents of U.S. citizens, because that is the principle group that we are concerned with in this case, are using SSI.

We heard conflicting testimony during our investigations as to whether the lure is actually Medicaid and the issue isn't so much the need for the cash support, but really the need for medical assistance. We don't have very good data in terms of the income levels of the sponsors and just the relationship between their income levels and the needs of their parents for assistance.

These are issues where certainly the Commission has come down saying it is a serious enough problem to want to make sure sponsors are legally responsible for immigrants that they bring in, but not having the type of data we need in order to get beyond that basic recommendation to more specific types of recommendations.

Chairman FORD. There is a problem out there.

Ms. Jordan and Ms. Martin, I would hope as representatives of the Commission that from a bipartisan perspective, this Commission would really work to try to bring about meaningful solutions to this problem. I certainly want to continue this dialog, but my time is up.

I am going to recognize the ranking minority member of the subcommittee, Mr. Santorum.

Mr. SANTORUM. Thank you, Mr. Chairman.

Let me state that I am a supporter of legal immigration. My father is an immigrant to this country and I support that as a way to continue to build the greatness of this country.

There are some statements that you made in your testimony, some you made and some that I read through quickly, that I think we can find agreement on.

Number one is trying to make sponsorship agreements legally enforceable. I agree with that in concept. My question, I guess, is how do we do that without involving an enormous amount of litigation that will probably soak up more money than you could possibly get from enforcing the contract in the first place?

I agree that if someone signs an affidavit, that it should be a legally enforceable document. How do we do that in a cost-effective way?

Ms. JORDAN. I am not trying to create more business for lawyers, but I can assure you that we need to get the principle established and right now the principle of responsibility for the sponsor has not

been established. I am willing to put the principle in place, in writing, legally enforceable, and then we are going to have to depend on some goodwill of law-abiding citizens to abide by the law.

We are not going to police every relationship and we can only have a trust factor which would help assure that a person knows when they sign on to sponsor an entering immigrant that they have taken on an obligation which is not frivolous.

Mr. SANTORUM. I understand that. I guess my concern is that unless we do, in fact, enforce it, it doesn't have that kind of power.

Ms. MARTIN. The Commission is working right now with HHS in order to be able to look at possible models for enforcement. That is something that we will take up in the September report to Congress in outlining various models. Some of the concepts we are looking for are certainly ones that we hope will not increase litigation.

That is not the route that we are looking at. But we are looking also at ways of trying to define legal responsibility vis-a-vis determinations of eligibility for public assistance that might work in terms of both ensuring that those who don't require help, because they have a sponsor, don't go on to our public rolls; but on the other hand, making sure that they don't just go on to public rolls of States and localities, because that is a major concern we have right now.

Mr. SANTORUM. I understand. The approach we have taken in the bill that I am cosponsor of is that instead of increasing legal responsibility, which I don't object to except for potentially the cost of enforcing that legal responsibility, we deny immigrants benefits under the safety net programs that we discussed. By doing so, we have, in fact, increased the moral responsibility.

If you want to increase moral responsibility and that is the aim of setting forth legal responsibility, then having someone face the decision that a family member who they sponsored would be poor, I think, is where ultimately you see where the rubber hits the road as to whether that person is going to be morally responsible.

I question whether more legal impediments really bring that to bear in such a stark way as actually removing the benefits, but that is an area that I think we can work together on.

You mentioned in your written statement that you want to measure deportability based upon the use of welfare benefits as opposed to the requirement to pay those welfare benefits. I think that makes sense and could expedite adjudication with respect to deporting people who have become public charges.

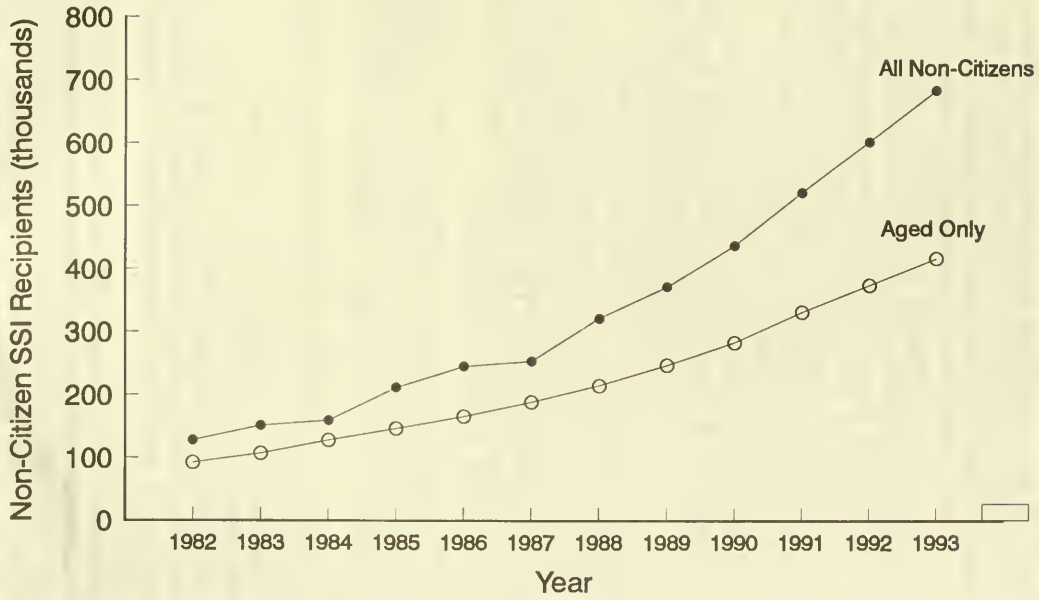
I also agree with the comments that you made with respect to removing naturalization barriers. I think that is an important step to try to expedite the process of attaining citizenship for many people who come to this country. So I think there is lots of common ground and I appreciate your report. I think it is thoughtful and I welcome the opportunity to work with you.

I do disagree with its fundamental conclusion that illegal residents should continue to be eligible for welfare programs. I guess the reason I do so is because of what I see as a tremendous problem facing this country with respect to the cost of these programs and the potential incentives that we have provided to people in and outside this country to enter this country for the wrong reason.

You mentioned that we have good numbers on SSI. This is a chart that shows—this top line shows the growth in the number of noncitizens receiving SSI in the last 11 years. It went from a little over 100,000 people on the SSI rolls who are noncitizens, to 700,000 in a period of 11 years.

[The chart follows:]

More and More Non-Citizens Receive SSI



Source: Department of Health and Human Services

We now spend on all programs—not just SSI, but for all welfare programs for noncitizens, we spend $7 billion a year and it is rising as quickly as you see these numbers rising, almost exponentially. That is a grave concern to us here who see this as a drain and we have heard testimony from people sitting where you are who have said that immigrants actually are coming to the United States with a fairly indepth knowledge of our welfare programs and how to go on and qualify for those programs, particularly the SSI program, and that is one of the reasons that we are seeing this explosion.

My concern is that the current system isn't working. The suggestions you put forward, while I think they are well intentioned and they move in the right direction, I don't believe they will get at this problem as I believe it needs to be addressed.

Do you have any evidence that backs up some of the testimony that we have heard about immigrants coming to this country with full knowledge of these programs and do you believe that a program that has seen these kinds of growth rates over the past 10 years is a program that is working or is a program that needs some major reconstruction?

Ms. JORDAN. Mr. Santorum, the information which we have received as a Commission does not support that people come to this country for SSI and welfare. The evidence we have received to date reflects that most people come to this country because of the job magnet, and that is what we address.

But I can assure you that as we continue to work through the process arriving at final recommendations, we hope to be able as a Commission to say to you how much of a problem we have discovered is entailed here in persons coming to receive SSI and welfare benefits.

I do not believe that any of us will maintain a position which is not supported by fact.

Mr. SANTORUM. Do you have any comment——

Ms. MARTIN. The——

Mr. SANTORUM [continuing]. On the other aspect of that question, which was that this system in terms of exponential growth and cost and number of people is a system that is begging for pretty dramatic changes.

Ms. MARTIN. In looking at the numbers for foreign borns' use of public assistance programs, I think you are right. The major area of growth is in terms of programs for the elderly. We have been trying to look at that growth rate in relationship to the growth rate in immigration itself rather than just in its own terms.

In fact, if you look at it as of 1980, most of the elderly immigrants in the United States were those who came here at the turn of the century and had grown old in the United States. During the last 10 to 15 years, we have had very large-scale growth of elderly people who are not covered by Social Security itself, and part of that growth is the result of the changing nature of immigration.

We are also very concerned, and I keep coming back to the problems of sponsorship, that certainly where an immigrant immediately goes on to SSI and sponsors are not assuming their responsibility, that is clearly a problem and a problem that we believe needs to be fixed through the tightening of the immigration provisions in order to get there.

A third area that we are concerned about and will be reporting on next year is the continued use of public assistance programs by people who come in as refugees, that that seems to be the other area of major use of public programs, but one where it is not all that surprising given that the transitional assistance provided to refugees is through the welfare system.

The Commission wants to look at that fundamental premise of the refugee program and see if we can develop some recommendations for ways of resettling refugees that won't immediately bring them on to welfare programs.

So we agree that there are definite problems that need to be solved, but are not sure the best way to solve them is through categorical denial of eligibility to all legal immigrants, but rather would like to look at those specific programs and recommend ways of dealing with what might be an overutilization in those two particular programs, in SSI and refugee benefits.

Mr. SANTORUM. My chart reflects, if you look at the growth in all noncitizens, which is the top line and the growth in the bottom line which is the elderly, you see a widening gap. I think your comment about people aging and then going on to SSI is probably true, but that is not the only problem. The problem is this gap widening which is people coming here and getting on SSI immediately or very soon after they come to this country, and I think that bears out by the numbers.

Two, with respect to refugees, the Republican proposal and the Mainstream Democratic Forum proposal do not include refugees in elimination of benefits, although I would say to you that I know that there is interest to work with you and the administration to come up with some way to stem the tide of refugees as well.

We heard a lot of evidence in California, in particular, about refugees going on SSI and, in fact, being a beacon for refugees to come to this country because of these guaranteed government benefits. While I agree that refugees are a special case and we need to make sure they are supported, we do not need to be a beacon for the rest of the world to dump its refugees on our shores.

Thank you.

Chairman FORD. Before I yield to Mr. Levin, I want to agree with Mr. Santorum about the growing number of SSI recipients. But, I must clarify that noncitizens receiving SSI do not mean illegal immigrants.

Ms. MARTIN. No. Illegal aliens are not eligible.

Chairman FORD. I am concerned that noncitizens receiving SSI has increased. But for the record, once again explain noncitizens. Are we talking about legal or illegal immigrants receiving SSI benefits?

Ms. MARTIN. Under current policies, illegal immigrants are not eligible for SSI.

Chairman FORD. The noncitizens referred to by Mr. Santorum are legal immigrants, is that correct?

Ms. MARTIN. These are generally the parents——

Chairman FORD. I am concerned about the growing population on SSI, but I don't want us to think these are illegal aliens that we make reference to when we say noncitizens.

I strongly would anticipate and expect some participation with the Commission and HHS and the Social Security Administration as well, in trying to define what our policy will be as it relates to immigrants coming into this country receiving public assistance.

Ms. JORDAN. Mr. Chairman, we are working closely with the Social Security Administration as well as the Immigration and Naturalization Service. They are with us in tandem every step of the way.

Chairman FORD. It just might be the intent of one of those agencies to not only look at this problem, but to take action. I would like to work with the Commission in seeing whether or not we can solve this problem through new policy changes and the tightening of immigration laws to make sure that fraudulent claims will not continue to happen.

Mr. Levin.

Mr. LEVIN. Thank you and a warm welcome.

Well, as always, your testimony is cogent and maybe even more so than anyone might have predicted because, as you know, a lot of the financing of welfare reform is related to the issues you have been discussing.

Your Commission is a truly bipartisan Commission?

Ms. JORDAN. It is truly bipartisan, Congressman. There are Democrats and Republicans, and the only way that I can identify them is really by the point of view they espouse.

Mr. LEVIN. Your report, your further work on these issues that we have been discussing this afternoon is due by mid-September, you say?

Ms. JORDAN. We will submit an interim report to you and the Senate on September 30, this year.

Mr. LEVIN. September 30. And you expect by then to have some further analyses on the issue of benefits in these programs for legal immigrants?

Ms. JORDAN. Susan Martin could confirm that we do intend to have at that time some further information on the coverage of these programs for legal immigrants. Our work is not finished on the 30th. The life of our Commission is through 1997.

Mr. LEVIN. But another way to put, and I don't mean to focus only on the financial issue because there are other issues that relate to coverage of legal immigrants for benefits, issues other than financial ones, but the financial ones loom large as we look at welfare reform. There are issues in welfare reform that go beyond money, but how to fund it is one of the key questions, and the differences between the bills in funding very much revolve, at this point, around the issues we have been discussing.

We are talking about differences of $15 to $20 billion over the 5-year period. And another way to put the question is if we make the affidavits of support legally enforceable, how much does that close the gap between the present level of benefits and their elimination? I don't expect you to answer that now. That is what you are studying; right?

Ms. MARTIN. Right, and what we are doing is looking at it in relationship to the deeming provisions. On our thoughts about sponsorship, the affidavit is, in effect, the missing link in the proposals to consider sponsors' income for a more extended period of time for

immigrant eligibility. We are concerned that, at this point, it is a paper exercise. That as the Federal programs look at sponsors' income, they are only looking at it as something that is on a sheet of paper, not whether it is actually available to the immigrant. And we have heard testimony from State and local programs that when it comes back to them, they have to actually see whether it is available. And there is no way that they can deny eligibility for their programs on the basis of the deeming provision unless the money is actually there, and too often it is not. So what we are trying to do is close that loophole so that one can take the sponsor's income into account in a real way.

Mr. LEVIN. And theoretically or conceptually the sponsor's obligation would relate to food, health care, and other support.

Ms. MARTIN. Generally, the way in which the affidavits are framed is that the sponsor has to demonstrate that with the immigrant added to his family size, that the sponsor can meet the various guidelines in terms of support of a family of that size. It is not specified what it is that that sponsor will provide in the way of actual assistance. That is something that we are looking at.

We are concerned that the guidelines that are used by the State Department aren't explicit enough in terms of what to look for. Whether the Commission will go further in specifying those guidelines, is actually an interactive process with what is happening with health and welfare reform. And so it is an issue that we will be continuing to look at to see what is an appropriate level of support a sponsor should provide given what are the various assumptions in terms of eligibility for public benefits.

Mr. LEVIN. Because the health aspect is at least, I think, 25 percent of what we are talking about.

All right. Well, I think your Commission report is going to be very, very relevant as far as it can go, and I think it is a reason for us to be sure that we have the information that you are going to be able to put together before we move ahead. I hope it would not unduly delay us, and I don't want to put undue pressure on you, but what you are doing is highly relevant to what we can and should do here this year.

So we wish the best of luck, and if the report is ready before September 30, we will be glad to receive it even earlier.

Ms. JORDAN. Thank you.

Chairman FORD. May I add, on any preliminary findings on any of those issues prior to the September 30 date, we would appreciate it if you would share them with this subcommittee.

Ms. JORDAN. You will have it.

Chairman FORD. Thank you very much.

Mr. LEVIN. Thank you.

Chairman FORD. Mr. Grandy.

Mr. GRANDY. Thank you, Mr. Chairman.

Madam Chair, I think that I heard you say in response to Mr. Santorum's question that your Commission had not received any evidence that immigrants are coming to this country with the express purpose of accessing the safety net. They are here for job search, to unite with families.

Ms. JORDAN. Mr. Grandy, my response and comment to Mr. Santorum was that the information we have been able to collect

does not support that that is the major reason people come to this country. I did not mean to suggest that no one comes because they want to receive benefits.

Mr. GRANDY. OK, I wanted to clarify that for the record. Because this committee has received some testimony that does indicate that there is a rather indepth knowledge of welfare programs by some of the people that cross our country's borders, and the implication there would be that they are looking to perhaps almost use a magnet effect to access those benefits.

But you do say in your testimony that you recommend against any broad categorical denial of eligibility for public benefits to legal immigrants. Does that also imply that you would be opposed to any legal extension of the sponsor's responsibility and simultaneous contraction of the government's responsibility to these noncitizens?

For example, last year, Congress with the acceptance of the administration, did extend the eligibility period of deeming from 3 years to 5 years to pay for unemployment compensation, a temporary extension and one that I think is due to sunset in 1996 or 1997. But nonetheless, a step in the direction to kind of expand the sponsor's responsibility and to reduce the government's.

There is some discussion now that absent terminating any government responsibility to noncitizens, there might be an interim step that would be expanding the deeming period on AFDC and other public programs. Has the Commission taken a position on this or is that implied in your statement here?

Ms. JORDAN. Mr. Grandy, our Commission has not taken a position on that, and I would like for Ms. Martin to further clarify where we are on that very point.

Mr. GRANDY. I appreciate that.

Ms. MARTIN. Yes, the Commission is in principle not opposed to increasing of the deeming period. The Commission's concern, though, is with the issue of how to actually make the sponsor responsible for that support.

Mr. GRANDY. OK. I am getting to that. That is important, because obviously one does not work without the other. If the sponsor is not going to accept the responsibility, then you have to find ways to enforce that responsibility. These affidavits that are signed now are not legally binding, so they are thrown out of courts; is that correct?

Ms. MARTIN. Correct.

Mr. GRANDY. Then what exactly is the sponsor signing, is it just a statement of goodwill or intent? Is it essentially a contract without any kind of binding provision?

Ms. JORDAN. It is a moral obligation, Mr. Grandy, moral obligation.

Mr. GRANDY. And that is all it is?

Well——

Ms. JORDAN. That should be pretty severe, but it is not.

Mr. GRANDY. If the Commission, then, decides to make this a legal contract and make it binding, are you also recommending penalties for not fulfilling your legal obligation; and what would they be?

Ms. MARTIN. Those are the issues that we are now trying to work through in terms of having established a principle that there

should be a legal enforcement responsibility. The Commission has deputized to the staff, and we are currently working on determining what types of models might work in enforcing that responsibility. And we are consulting with the Department of Health and Human Services right now in trying to work through what those enforcement mechanisms might be.

Mr. GRANDY. Well, without asking you to commit to something your Commission is not completely decided on yet, would the liability extend to both the sponsor and the ward, the charge that they supposedly are responsible for?

In other words, is there joint liability here. Could the person who is being brought into this country conceivably be returned to their country of origin under a legally binding affidavit?

Ms. MARTIN. The current immigration law states that if someone becomes a public charge within 5 years of entry for reasons that existed prior to entry, and therefore would have been known at the time of the affidavit, then that person is, in fact, deportable. And we would like to make the provisions for deportation much stronger and real to the immigrants and their sponsors so that when they enter into this affidavit it will be with the knowledge that deportation is a possibility if they abuse the purposes. Now, this would not extend in cases where there was something new that arose after entry that was not known at the time.

Mr. GRANDY. No, I didn't mean that. I was proposing only a willful violation of the contract.

Ms. MARTIN. Right.

Mr. GRANDY. Not anything that was due to an unforeseen circumstance.

Thank you, Mr. Chairman.

Thank you, Madam Chair.

Chairman FORD. Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman.

Ms. Jordan, I liked your testimony in regard to making the affidavit of support legally binding, of extending the deeming period, which has come out in testimony, and the idea of deportability on the grounds of being a public charge.

And my question is this: If a person would not be admitted to the country if they were likely to become a public charge under our law, and if they became a public charge and it related back to some factor that was in existence before they got here, they would be deported under your testimony?

Ms. JORDAN. Correct.

Mr. CAMP. Why then should the taxpayers be forced to support noncitizens who wouldn't be legally in this country if those two circumstances arose—who become public charges once they get here?

Ms. JORDAN. Mr. Camp, we have long-term, permanent residents in this country and we encourage them to come. They come with some expectations, and when they come, we have expectations. We expect them to become citizens, and a part of our polity eventually.

It would seem to me that it would be sort of an ex post facto denial to have them play by the rules, get here, and then we change the rules on them without notice. That to me, and I am speaking now personally, would be antithetical to the promise that we make

to the immigrant when we encourage their admission in this country.

Ms. MARTIN. And the scenario that you have mentioned, we would hope that by the combination of the legally enforceable affidavit and the public charge provisions that the type of circumstance that you described would not arise, and the remaining groups that would be eligible for programs at public expense would be those who have played by the rules, but for whom circumstances have arisen after entry that requires a safety net. So we are hoping that we can get rid of any potential abuses in the system through the public charge and sponsorship and then have the remaining eligibility much more fully the safety net that is intended by public welfare programs.

Mr. CAMP. What if we provided public assistance for a time limit for 1 or 2 years, and then ended it? So that the idea that they have somehow relied on our laws in coming here, that would not be their motivating reason for entering this country, that they have known that these benefits would be out there and somehow relied on them?

Ms. MARTIN. Well, I think the Commission would prefer to—rather than to start off with an assumption of use of the programs, to start off with an assumption that we don't want anyone to use them and that the eligibility should be a safety net eligibility for unforeseen circumstances so that we would try to make our sponsorships have the type of support that will ensure that an immigrant doesn't come here and use public programs for even 1 year, but conceive of these public benefits as last resorts in circumstances where something has changed after the person has entered the country.

Mr. CAMP. I like the idea of taking away the barriers or impediments to naturalization and encouraging that as much as possible. That was in your written and oral testimony as well.

Thank you very much.

Ms. JORDAN. Thank you.

Chairman FORD. Thank you very much.

Madam Chairman let me just follow up with one or two followup questions, and then I am going to let you all go.

Do you believe rendering the sponsor's affidavit enforceable would save welfare costs for the Federal Government? And if so, what do you—do you have any idea what those estimates would be?

Ms. JORDAN. The answer is, yes, we think it will save costs.

Chairman FORD. Would it be a significant amount?

Ms. MARTIN. We believe that it would be significant in the sense that it would make a deeming requirement have some meaning.

Chairman FORD. Do you think we could use those funds to finance the welfare bill?

Ms. MARTIN. I think that is somewhat beyond me.

Ms. JORDAN. It is beyond us.

Chairman FORD. I understand it is beyond you making that decision, but if we are talking about it being a significant amount, in the estimates that we are talking about, we are talking about financing the welfare package, and I don't know whether your September 30 report will have any estimates on cost savings that you will be projecting.

Ms. JORDAN. Mr. Chairman, I cannot answer in my role as chair of the Commission on Immigration Reform. But answering your question as an interested American citizen, I would think that, yes, that money should be available for use in any welfare reform costs which you can quantify.

Chairman FORD. Well, I certainly look forward to working with the chairperson and other members of this Commission. Our staff on both Subcommittees on Oversight and Human Resources have certainly been working hard since we held the joint hearing in February to resolve this issue, and we certainly look forward to hearing from you and working with you.

Ms. JORDAN. Thank you, Mr. Chairman.

Chairman FORD. Any further comments or questions?

Mr. Grandy has one.

Mr. GRANDY. Thank you, Mr. Chairman.

This will be short, Madam Chair.

Mr. Camp asked something that got me to thinking that you pretty much ruled out as a poor public policy idea to create a public program for immigrants in lieu of personal sponsorship, but would there be any advantage to limiting the noncitizen's eligibility for public benefits to a specific time limit, 2 years, 3 years, whatever? After the sponsor's eligibility expires?

Mitigating circumstances notwithstanding, somebody who is very elderly and perhaps could not really meet the requirements to become a citizen, but is dependent upon their family, rule those out. But let's assume somebody who is able bodied comes to the United States, 3 years, 5 years pass, then that person would have 1 or 2 years to access public benefits with the idea of becoming a citizen.

The reason I bring that up is because this committee is thinking about a time limitation on welfare benefits which is contingent upon receiving work training and education and child support as building blocks to help them enter the work force. Does the same idea have any merit in redesigning our immigration laws?

I just throw that out to you, Madam Chair, as an idea.

Has the Commission considered that?

Ms. JORDAN. No. The Commission has not considered it, and I will turn to the expert and ask whether——

Ms. MARTIN. We will.

Mr. GRANDY. OK, that is a good enough answer. In other words, you are not rejecting it out of hand?

Ms. MARTIN. I think we would need to be looking at it more specifically in terms of what the implications are.

Ms. JORDAN. It is worthy of study.

Mr. GRANDY. That is all I needed to hear, Madam Chair, thank you.

Chairman FORD. Mr. Santorum.

Mr. SANTORUM. I want to follow up on one of Mr. Camp's questions with respect to a comment that Chairwoman Jordan made.

The Republican bill does provide a window of 1 year after passage for people who are in this country and who are on public assistance to continue on public assistance. So we do have a phasein, in a sense, for people who are in this country now. We don't all of a sudden pass a law and say, OK, you are trapped. And obviously with the attention that we have gotten here, this is a subject that

I am sure is being debated, and I hear it when I go around in my State this summer. I have heard it a lot from people. There is an awareness out there of what is being contemplated here. And so I don't think anything is going to be thrown at anybody here at the last minute. And even if that is the case, we do provide 1 year for people to be able to adjust before benefits would be withheld. So I just want to make that point clear.

Ms. JORDAN. Thank you, Mr. Santorum.

Chairman FORD. Madam Chair, we were going to let you go. But the Chair will have to make one comment.

We are talking about time limits, in fact, time limits in welfare reform. But as we talk about immigrants who are receiving supplemental security income, the issue with the Commission itself is the sponsor's affidavit, enforcing this, making sure that those who are not eligible for welfare benefits or supplemental security income benefits, do not receive the benefits 1 day, not 1 year. We should keep them off if they are not eligible to receive these benefits, and certainly should not think in terms of a time limit to say to any person who is coming here as a noncitizen or illegal alien that you are eligible for any type of benefits.

We would like to see your report give us some significant savings on the sponsor's affidavit, and let's try to get to the root of the problem.

I certainly want to thank you, Madam Chair, and Ms. Martin, for coming here today. I know we have taken a lot of your time and we will certainly be writing you and asking for certain things to be accomplished by the Commission over the next 30 or 45 days as we mark up a welfare reform package.

Again, thank you very much for coming.

Ms. JORDAN. Thank you.

Ms. MARTIN. Thank you.

Chairman FORD. We will now call the Governor of Delaware, Mr. Carper, Tom Carper. We are delighted to have you back. You left us the last few days, few years rather, 1½ years ago.

We are delighted to have you back as a former Member of this House.

Ms. Jordan thank you very much.

Ms. JORDAN. Thank you, Congressman.

Chairman FORD. The Governor of the State of Delaware, representing the National Governors' Association, Hon. Tom Carper. We are delighted, once again, to have you before the subcommittee.

You were here when the 1988 Family Support Act was brought to the House floor. We certainly appreciate all of your able leadership in the past and welcome you here today before this subcommittee.

I would like to thank you for taking the time from your busy schedule to appear here on behalf of all of the Governors of this country and to testify today on welfare reform.

STATEMENT OF HON. THOMAS R. CARPER, GOVERNOR, STATE OF DELAWARE, ON BEHALF OF THE NATIONAL GOVERNORS' ASSOCIATION; ACCOMPANIED BY CARMEN NAZARIO, SECRETARY, DELAWARE DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Governor CARPER. Mr. Chairman, thank you very much for those welcoming remarks, and to you and to other members of the subcommittee.

I would like to ask permission to give a summary statement.

Chairman FORD. Your full text will be made a part of the record, and any summary you would like to make you are welcome to do so now.

Governor CARPER. Thank you very much.

As you suggested, I am here representing or speaking on behalf of the National Governors' Association. Not joining me today is the Governor of Michigan, who could not join us today. He would like very much to join the subcommittee at another opportunity and other occasion——

Chairman FORD. Governor, we would be happy to let the Governor of Michigan know that the full text of his testimony will be made part of this record upon submission.

[Governor Engler's testimony is the same as Governor Carper's—See written statement of Governor Carper's testimony for text.]

Governor CARPER. Thank you, sir, the Governor had an opportunity to review the President's welfare reform legislation, as have you. We support the principles embodied in it.

The President's proposals incorporate many of the reform principles that are already endorsed by our Nation's Governors. They include the following: Welfare as a transition to self-sufficiency; assistance to those not yet ready for employment or training; time-limited cash assistance, including education and training to help recipients prepare for work; improved child care and earned income tax credits for low-income working families; enhanced interstate child support enforcement; expanded programs to encourage family stability and to limit teen pregnancy; increased State flexibility in AFDC program design; improved coordination between AFDC and food stamp programs; and finally, enhanced Federal financing, including lower State matching rates.

Those are all things that are in the President's proposals and those are all elements you find in the principles adopted by the NGA. Like the Governors' policy, the President's proposal recognizes the importance of work as an alternative to welfare, and includes numerous elements designed to enhance State ability to prepare recipients for work and to place them in jobs.

Throughout our discussions, the States have emphasized the importance of flexibility and continued innovation. We applaud the President's efforts within the framework of his plan to afford States specific options to try different approaches without having to apply for waivers. These options include: Making work pay by expanding earned income disregards and by providing advance payments of the earned income tax credit.

We have also identified some areas of the administration's proposal that we believe should be revised. In detailing these concerns to the subcommittee, we would like to point out that many of these

concerns apply equally, I underline that "apply equally," to other pending welfare reform proposals.

The implementation challenges around this bill and some of the other major bills cannot be overstated. None of us know as yet, for example, how much it will cost us or how long it will take to create a system that can track an AFDC recipient across the country and over the years in order to monitor individual lifetime limits. There are also very significant questions about our ability as a country to create large numbers of publicly subsidized jobs for welfare recipients.

Let me just in the balance of my comments, focus on six specific areas, if I may, Mr. Chairman: First is financing; second is participation rates, sanctions, and administrative costs; third is the work program; fourth is child support mandates; fifth is the implementation timetable; and finally, time limits themselves. Those six, if I could.

First of all, financing; we appreciate the administration's inclusion of enhanced Federal match rates and increased Federal funding for welfare reform. We are concerned, however, that the positive impact of these enhanced match rates and increased Federal funds may be offset by financing mechanisms that shift costs to States and localities.

The Governors are particularly concerned about the administration's proposed cap on State emergency assistance expenditures and about various proposals to limit Federal assistance to legal immigrants.

We ask the Congress to recognize that if welfare reform is financed through cost shifts to States and localities, it has the potential to become a zero sum game without a significant net increase in the resources available to us to implement welfare reform.

Let me speak now to participation rates, sanctions and administrative costs. Given what we know about participation rates achieved in similar programs in the past, we are concerned that the participation rates for the JOBS and work programs are set or may be set at unrealistically high levels of 50 and 80 percent. Some States believe that the net effect of these requirements will be to double the size of their JOBS programs in the first year that this legislation takes effect.

Yet, the enhanced funding for the JOBS program phases in more slowly with the full enhanced match not becoming available for 5 years and not until a State has implemented the program statewide. We also strongly object to the legislation's use of a reduction in Federal match for basic AFDC benefits as a penalty mechanism for failing to meet participation rates.

The Governors believe there is a shared Federal-State responsibility for providing basic benefits and we are deeply concerned about establishing any precedent of linking the Federal commitment to State actions in other areas.

Third, the work program. We believe the work program as structured in this bill could be simplified for ease of administration. Specifically, Governors would like more flexibility to create a variety of work positions, including unpaid community service positions in addition to work positions.

Generating 400,000 publicly created jobs for AFDC requirements by the year 2000 will be a terrific challenge and one that demands the maximum amount of State and local flexibility in order to make it work. Nobody really knows the best approach for creating a meaningful work experience for the AFDC population. It is imperative that the bill you adopt leaves room for us to try different paths. Fourth, child support enforcement. NGA supports child support mandates that are critical to improving interstate enforcement, such as State adoption of the Uniform Interstate Family Support Act. Some Governors view the requirement to establish paternity within 1 year of enrollment as impossible to meet in many large urban areas, and I feel I need to mention that today. Fifth, implementation timetable. Currently the bill requires States to implement the bill 1 year after enactment. When Congress last passed welfare reform in 1988, as you have alluded to earlier, Mr. Chairman, it took the Federal Government 1 year just to publish the regulations.

The administration's proposal is considerably more complicated than the Family Support Act of 1988. We believe that 2 years is the absolute minimum amount of time that will be needed for most States to implement this program. An unrealistically short national implementation date, even one that can be extended, creates artificial pressures on States to implement before they are actually ready to do so.

And finally, let me mention time limits; most Governors support the 2-year time limit for the entire population. Some Governors would like more flexibility to decide how to phase in any time limits and to expand the target population.

Allowing States to propose different ways to phase a program in, subject to some national target for caseload coverage, will enable them to grapple with the time limit issue and to propose solutions that are appropriate for each State.

In conclusion, I would like to say that I and my fellow Governors are as eager as the President and, frankly, all of you, to do as much as possible, as soon as possible, to improve the welfare system in our country. We believe that the President's bill is a positive contribution to the welfare debate and support many aspects of it.

However, I think you can see from our list of concerns that fundamentally restructuring the welfare system is an enormously complex task, and you know that. As Governors who must implement whatever law is passed, we bear a special responsibility to temper the rhetoric of the welfare reform debate with reality and to let you know candidly what can feasibly be done in what timeframe at the State and local level.

We hope to work closely with you in the months ahead to ensure that the Federal welfare reform takes shape in a way that allows us to match our actions to our words.

Thank you, Mr. Chairman.

[The prepared statement follows:]

TESTIMONY OF HON. TOM CARPER, GOVERNOR
STATE OF DELAWARE
NATIONAL GOVERNORS' ASSOCIATION

Thank you, Mr. Chairman, for the opportunity to appear here today on behalf of the National Governors' Association. NGA is a bipartisan organization that represents the Governors of all the states and territories. Governor John Engler of Michigan and I have been designated to take a leadership role for the association on the issue of welfare reform. Governor Engler would have liked to have been here today and we hope that there may be another opportunity sometime in the future for us to appear jointly before the subcommittee.

State Welfare Reform Activity

As you know, Governors have led the way on welfare reform over the last ten years, with significant experimentation at the state level throughout the 1980s. That state experimentation laid the groundwork for the 1988 federal Family Support Act, which then-Governor Bill Clinton, together with then Governor Michael Castle of Delaware, was instrumental in shaping and winning passage into law. During the past five years, as we implemented the Family Support Act, Governors have continued to try new approaches to welfare reform through the waiver process, adding to our knowledge of what works and helping to build a consensus on how to improve the welfare system.

I would like to share with members of the committee today a copy of a new NGA report that describes the steps states are taking to reform the welfare system above and beyond the changes made by the Family Support Act. The report is based on a survey of all of the states conducted in May and June of this year. We found that most state welfare reform initiatives focus on one or more of six key goals:

- to encourage and reward work by reducing penalties in the welfare system on earnings and savings;
- to enforce the responsibility of both parents to financially support their children;
- to simplify and improve the delivery of welfare benefits by providing benefits electronically;
- to support intact families by eliminating certain welfare rules that penalize two-parent families;
- to improve access to child care and health care for families leaving welfare for work; and
- to create jobs for welfare recipients.

More recently a number of states have begun to consider proposals to require work from all recipients after a certain number of months of receiving Aid to Families with Dependent Children (AFDC).

Recent NGA Involvement in Federal Welfare Reform

Although the Governors are continuing to actively pursue ways to reform welfare at the state level, we also believe that further federal reforms are needed. Soon after President Clinton took office, in February 1993, he invited the Governors to work with his federal welfare reform working group to craft new federal welfare reform legislation. The National Governors' Association established the State and Local Task Force on Welfare Reform, the members of which included Governors, state legislators, county and city elected officials, and state welfare commissioners. The task force met during the spring and summer of 1993, and in July 1993 it issued a joint statement of principles to guide national welfare reform. These principles have been adopted by the Governors as the NGA policy position on welfare reform. (I would like to submit a copy of this policy for the record.)

In August 1993, incoming NGA Chairman Carroll A. Campbell Jr. of South Carolina established an NGA Welfare Reform Leadership Team of ten Governors, which consulted with the administration as it developed its proposal. The leadership team was co-chaired by Governor Engler of Michigan and me. Over the coming year Governor Engler and I will continue our roles as lead Governors for the association on welfare reform and will be consulting closely with all of the Governors to form NGA positions on the various legislative options before us.

The Governors have had an opportunity to review the President's welfare reform legislation and we support the principles embodied in it. We believe that the proposal builds on the 1988 Family Support Act and lessons learned from state welfare reform initiatives. The President's proposal incorporates many of the reform principles endorsed by the Governors:

- welfare as a transition to self-sufficiency;
- assistance for those not yet ready for employment or training;
- time-limited cash assistance, including education and training to help recipients prepare for work;
- improved child care and Earned Income Tax Credits for low-income working families;
- enhanced interstate child support enforcement;
- expanded programs to encourage family stability and limit teen pregnancy;
- increased state flexibility in AFDC program design;
- improved coordination between the AFDC and Food Stamp programs; and
- enhanced federal financing, including lower state matching rates.
-

The Governors believe federal welfare reform is an essential component in restoring responsibility and stability to the American family. We believe welfare benefits should be based on the concept of mutual responsibilities of both the recipient and the government, in that reform legislation should stress and reward personal initiative to achieve self-sufficiency.

The President's proposal is a positive contribution to the welfare reform debate. The administration consulted extensively with states and localities in developing the welfare reform proposal, and we commend the President and his Working Group on Welfare Reform for their commitment to an open consultation process. Like the Governors' policy, the President's proposal recognizes the importance of work as an alternative to welfare and includes numerous elements designed to enhance state ability to prepare recipients for work and place them in jobs.

Throughout our discussions, the states have emphasized the importance of flexibility and continued innovation. There is no one-size-fits-all solution to welfare, and states must have the flexibility to develop programs and services that will address the unique characteristics of our welfare populations and economic conditions within our individual states. We applaud the President's efforts, within the framework of his plan, to afford states specific options to try different approaches without having to apply for waivers. These state options include making work pay by expanding earned income disregards and providing advance payments of the Earned Income Tax Credit.

Welfare is a complex program. The fundamental changes sought by the President and the Governors will require the enactment of a law that clearly recognizes the balance between the federal role in defining basic policy objectives and the state and local role in crafting the procedures and processes needed to obtain those objectives. NGA will work closely with the administration and Congress to ensure that the balance is achieved. Final federal legislation must not become overly prescriptive or detailed.

In summary we support the principles in the President's proposal. We would note that there are other proposals currently before Congress that also incorporate a number of these principles, reflecting substantial consensus on them.

NGA Concerns with the Administration Proposal and Other Pending Bills

We also have identified some areas of the administration's proposal that we believe should be revised. In detailing these concerns to the subcommittee, we would like to point out that many of these concerns apply equally to other pending welfare reform proposals. As a general observation, we believe it is important for the subcommittee to hear from those of us who will be implementing these reforms that the implementation challenges around this bill and several of the other major bills cannot be overstated. None of us yet knows, for example, how much it will cost or how long it will take to create a system that can track AFDC receipt across the country and over the years in order to monitor individual, lifetime time limits. There also are very significant questions about our ability as a country to create large numbers of publicly subsidized jobs for welfare recipients.

I would like to describe some of our specific concerns with the administration's bill. There are other issues that we are concerned about that I will not take time to discuss here; we would be happy to submit a detailed list of recommendations to the subcommittee when we have had more time to complete our review and analysis of the bill.

1) Financing. We appreciate the administration's inclusion of enhanced federal match rates and increased federal funding for welfare reform. As members of the subcommittee are well aware, implementation of the Family Support Act was hindered greatly by the lack of state resources during the recession to provide the required state match for the federal Job Opportunities and Basic Skills (JOBS) program and for child care funding. We are concerned, however, that the positive impact of these enhanced match rates and increased federal funds may be offset by financing mechanisms that shift costs to states and localities. The Governors are particularly concerned about the administration's proposed cap on state emergency assistance expenditures and about various proposals to limit federal assistance to legal immigrants. We ask Congress to recognize that if federal welfare reform is financed through cost shifts to states and localities, it has the potential to become a zero sum game in some states and localities without a significant net increase in the resources available to implement welfare reform.

2) Participation Rates , Sanctions, and Administrative Costs. Given what we know about participation rates achieved in similar programs in the past, we are concerned that the participation rates of 45 percent for the JOBS and WORK programs may be set too high. The best example we have to date of a program that required participation by every adult recipient, and made intensive efforts to enforce that participation, is the San Diego SWIM program. That program successfully increased employment and earnings, but achieved monthly participation rates of only about one-third of cases, if program activities alone are counted, or about one-half of cases, if employment at any time during the month is counted.

These SWIM rates include many more people than could be counted as participants under current JOBS rules, because recipients were counted as participants if they participated at any point in the month. (By contrast, JOBS participation rates allow states to count recipients as participants only if they meet a number of standards requiring ongoing weekly participation at certain hourly levels.) So, despite the fact that an independent evaluation of the program concluded that SWIM had reached as many recipients as was practically possible, and worked with virtually every case on the rolls in order to achieve those rates, the end result was a participation rate lower than that proposed in the administration bill, and considerably lower than that proposed in some of the other bills that have been introduced.

For the JOBS program, in particular, it is important to note that the proposed 45 percent participation rate for the phased-in group is in addition to requirements to meet existing, very high participation rates for unemployed parent cases. In addition, states must continue to serve all existing JOBS participants until they leave AFDC and to serve all volunteers for the program as long as funding is available. Some states believe that the net effect of these requirements will be to double the size of their JOBS program in the first year this legislation takes effect. Yet the enhanced funding for the JOBS program phases in slowly, with the full enhanced match not becoming available for five years and not until a state has implemented the program statewide.

In addition, we believe that the caps on discretionary deferrals and extensions of the time limit are set unrealistically low and the deferral and extension categories are defined too rigidly.

We strongly object to the legislation's use of reductions in the federal match for basic AFDC benefits as a penalty mechanism. This match is reduced for certain portions of the caseload under a variety of circumstances—for example, if states do not meet participation rates for the JOBS or WORK programs, fail to adopt mandated child support procedures, exceed the caps on deferrals or extensions, or fail to keep accurate records on the time limits. States also may lose federal matching funds for basic benefits if certain paternity establishment rates are not met. The Governors believe that there is a shared federal-state responsibility for providing basic benefits, and we are deeply concerned about establishing any precedent linking the federal commitment to state actions in other areas. If Congress deems that sanctions are necessary, we would recommend something similar to the current JOBS penalty structure, where the federal JOBS match rate is reduced for failing to meet JOBS requirements. However, we believe that it would be more appropriate during the initial phase-in period to focus on timely and accurate reporting of program performance and provide states with incentives for improvement.

Finally, the Governors are concerned about the new procedural requirements imposed by the bill, such as the review mechanism and arbitration or hearings required if disagreements arise on employability plans. We fear that these requirements will increase administrative costs and slow implementation of the program.

3) **The WORK Program.** We believe the WORK program could be simplified for ease of administration. NGA policy states that all Americans should be productive members of their community. It also states that there are various ways to achieve this goal. The preferred means is through private, unsubsidized work in the business or non-profit sectors. Other alternatives, in order of priority, include unsubsidized public sector employment, subsidized jobs, grant diversion, working off the welfare grant, and volunteering in community service work. The Governors would like the flexibility to address all of these alternatives. The requirement that participants be paid wages equal to that of regular employees would add greatly to the cost and would make it very difficult to provide a sufficient number of work positions. In addition, the grievance and binding arbitration procedures related to nondisplacement are exceptionally burdensome. The bill's many other requirements related to WORK benefits, leave, and the sanctions process (which is more cumbersome than that for JOBS participants) are very difficult and given the anticipated scope of the WORK program, administratively unworkable. States also object to the requirements that the JOBS and WORK programs be run by the same agency and that every locality establish WORK advisory boards.

Creating 400,000 publicly created jobs for AFDC recipients by the year 2000 will be a tremendous challenge, one that demands the maximum amount of state and local flexibility to make it work. No one really knows the best approach for creating meaningful work experience for this population—it is imperative that the bill leave room for us to try many different paths.

4) **Child Support Mandates.** NGA has supported child support mandates that are critical to improving interstate enforcement, such as state adoption of the Uniform Interstate Family Support Act. Governors are strongly committed to improving child support enforcement systems in their states and they support performance-based incentives for state and local implementation of program improvements. However, they are concerned about the number and scope of intrastate child support enforcement mandates included in this bill, some of which would force states to adopt entirely new child support enforcement systems. The bill would require, for example, states with judicial systems for paternity establishment and child support enforcement to switch to administrative ones. It would require states with locally administered and funded child support collection and disbursement functions, such as Michigan, to centralize those functions at the state level, which would involve massive reorganization and the hiring of large numbers of new state employees. Many of these

mandates would require substantial expenditures on new information systems development, yet the bill caps federal funding for information systems and cuts the federal match rate.

States also view the requirement to establish paternity within one year of enrollment as impossible to meet in many large urban areas. Finally, the requirement to bring all child support cases who request it into the child support agency system could mean a doubling of child support caseloads at the same time that states would be trying to meet all of the new requirements for the AFDC cases.

5) Information Systems. NGA is concerned about the impact of the proposed cap on the federal share of the enhanced and regular match for design and development costs for automation systems. We also believe that federal assistance for information systems should not be limited to those systems that are developed by the federal government or as part of multistate collaboratives. The states and the federal government have invested a considerable amount in the current systems. The new requirements of this legislation will increase the need for compatible data across states, but will also require new and more complex interfaces with other state systems. It appears that the quickest and most cost-efficient approach is to modify existing systems. This will require state-by-state modifications.

Although the federal government should encourage multistate cooperation and enhance federal assistance, it should not impose a national or regional solution. Instead the federal role should be to define common data elements necessary for implementation of the program.

6) Implementation Timetable. Currently the bill requires states to implement the bill one year after enactment. When Congress last passed welfare reform in 1988, it took the federal government one year just to publish regulations. The administration's proposal is considerably more complicated than the Family Support Act. Two years is the absolute minimum amount of time that will be needed for most states to implement this program, especially because states cannot get very far without knowing what federal rules they must meet. It will take time to build capacity in the JOBS program, and in the related employment and training and child care programs. We will need to build new information systems in order to implement this. The counting of individual months of AFDC eligibility across counties and states and over long periods of time poses particular information system problems. An unrealistically short national implementation date, even one that can be extended, creates artificial pressures for states to implement before they actually are ready to do so.

7) Time Limits. Most Governors support the two-year time limit for the target population. Some Governors would like more flexibility to decide how to phase-in the time limits, and to expand the target population. Allowing states to propose different ways to phase the program in, subject to some national target for caseload coverage, will enable them to grapple with the time limit issue and target population and propose solutions appropriate for each state.

We would also like to note that states have invested considerable time and effort in the development of experiments to test a variety of reform initiatives through the Section 1115 waiver process, including many approved by the administration. The Governors would like to emphasize the importance of any new federal reform legislation allowing states to complete the welfare demonstrations currently underway through waivers and to allow future experimentation. We also want to underscore the importance of interagency cooperation in the waiver process. The new state flexibility on the EITC in the bill, for example, will only be meaningful with the full cooperation of the Treasury Department. Other departments whose assistance is critical to timely waiver review and approval include Agriculture, Housing and Urban Development, Education, and Labor. Further, the Governors insist that the existing waiver approval process not be burdened with additional requirements that delay action on waiver requests.

NGA appreciates the new state flexibility that is incorporated into the bill through state plan options and waivers. We do not think this flexibility should be limited to a specific number of states, however, and would like to see such options as advance payment of the EITC or adjustments to the time limit open to all states that wish to apply for them.

One final concern we have is that two key prevention components in the bill--the teen pregnancy prevention grants and the community prevention grants--would bypass states. We believe that states must be involved to ensure that the grants do not result in duplication of efforts to integrate the new grant activities with ongoing state and local efforts.

In conclusion, I would like to say that I and my fellow Governors are as eager as the President and all of you in Congress to do as much as possible as soon as possible to improve the welfare system in this country. We believe that the President's bill is a positive contribution to the welfare debate and support many aspects of it. However, I think you can see from our list of concerns that fundamentally restructuring the welfare system is an enormously complex task. As Governors who must implement whatever law is passed, we bear a special responsibility to temper the rhetoric of the welfare reform debate with reality, and to let you know candidly what can feasibly be done in what timeframe at the state and local level. We hope to work closely with you in the months ahead to ensure that federal welfare reform takes shape in a way that allows us to match our actions to our words.

Chairman FORD. Thank you very much, Governor.

Regarding the work program—public service jobs in the administration's bill call for some 400,000 community work or public service jobs, certainly not public service jobs, but working in the public sector. In your State of Delaware, which would not probably be a reflection of the national welfare population, what is the size of the welfare population, Governor? Do you have any idea?

Governor CARPER. We have an employment—I am going to turn to Carmen Nazario to help me with the exact number, who is our Secretary of Health and Social Services. Delaware, we have about 700,000 people who live there, our employment is about 385,000 people.

And, Secretary Nazario, if you could help me with the size.

Ms. NAZARIO. I think the projected needs for work slots is about 1,000 work slots, and we have about 3,000 people participating right now.

Governor CARPER. We are projecting the Secretary reports about 1,000 work slots that we would need. Keep in mind, as I said earlier, our total employment in the State has gone to about 350,000. We have seen the number of employed people in our State grow about 8,000 from 1 year ago, June to June, 1994.

And so I think what you see there is a pretty good opportunity, at least with a rising economy, for us to meet a lot of the need for jobs, to place folks who are in the JOBS or the work program that actually can occur in the private sector, we would hope to encourage that.

Chairman FORD. I am concerned about certain States. In your State, only a 1,000 job slot need would certainly be different from my State. I am thinking specifically in terms of community work programs and jobs that would be created in the private sector with case managers, supervisors who will have to certainly bring people into the work force, supervise them, place them not only in jobs but provide whatever else would be needed, transportation and other things.

I don't want to create another entitlement of a welfare program for socialworkers and overlook the welfare population itself. I think what we have to continue to focus on is the welfare population. And we must do it in a fashion that if we are going to create jobs, then the job creation ought to be centered around the welfare recipients who we are trying to move off the welfare rolls and bring the Federal and State matching dollars down.

I wonder if the jobs in your State would be different from the jobs in my State and other States with large numbers of welfare recipients, especially since you are talking about 5 million adults, in which about 2.8 million adults would possibly be placed into some type of community work program or in the private sector.

Naturally, we would all like to have jobs in the private sector for all welfare recipients particularly those who are trapped into this vicious cycle and cannot get out of it without training, education, and the type of skills that would be needed to be matched up with jobs in the private sector. It bothers me when we talk about 400,000—800,000 jobs; we really don't know where those jobs are going to be.

You certainly can't bring 1,000 people over to the State capitol, and the day they show up at work you can find somebody to place them in a job. You have a supervisor in place. Other people have to be hired in order to manage that work force, would they not?

Governor CARPER. As you suggest, we will need in Delaware, and I presume Tennessee will need, Iowa will need, Michigan will need people to help manage that caseload, whether it is 1,000 or 10,000, whatever it might be. We hope to help slot them in the right positions, that is work that they would find worthy to do. We are not just interested in sending people out to rake leaves or clean up trash along the highways, although there are leaves that need to be raked and trash that needs to be cleaned up.

Can I mention one of the aspects of the administration's proposal that I think is most helpful in trying to get people to move from lack of being self-sufficient, I mean, to being self-sufficient and working in the private sector, is the way the administration proposes to use the earned income tax credit. As you know, currently if you or I are on a welfare roll and decide to take a job, we can use the earned income tax, but we can't get it in advance.

One of the things we like very much about the administration's proposal, it would permit us to pull the earned income tax credit forward into the present, to essentially transform a minimum-wage job into a $6-an-hour job. You can't get that kind of value for EITC for someone who goes into a community work program. It has to be basically a paying job, private sector, or maybe a nongovernmental position.

We think that is going to be a very helpful incentive to help incentivize those people who are dependent to look for a private sector opportunity.

Chairman FORD. You also mention that the Governors want this flexibility. How much flexibility are you looking for, not you, but the Governors' Association. You say you want it, but you don't want the Federal Government to withdraw its financial support from the welfare programs. If you want all of that flexibility, are the Governors willing to take full responsibility or do they expect the Members of Congress to continue to vote for a welfare policy that we might disagree with in our States?

I mean, if you want all of the flexibility, as suggested by all of the waivers before HHS, will the Governors accept full responsibility and get the Federal Government out of it?

Governor CARPER. I think one of the reasons why the Governors—and President Clinton as a Governor was one who understood the interests in the States for flexibility. States can be, as you know, a laboratory, and for us to be able to test how well ideas work or don't work. And we would encourage you to continue to let us have that kind of flexibility, in some cases, to fail, but in other cases, to succeed, so that we can share those successes and/or the failures with other States.

Chairman FORD. What I sense from the Governors' Association is that they want more than flexibility. They want to run the program. They want total jurisdiction over the entire welfare population with the Federal Government kicking in all of the moneys. That is basically what you are asking for, is that not correct?

Governor CARPER. States kick in about half the money.

Chairman FORD. You want the 50 or 55 percent of Federal dollars to continue to flow, but complete flexibility for the States to run their welfare programs, basically.

Governor CARPER. I think it is human nature, and we are human beings even as Governors. I think it is human nature that we want the Federal Government to provide the assistance, but yet we want the ability to call the shots to some extent, particularly when we think we know maybe better in our States what would work well for Delaware or Tennessee or Iowa than perhaps the entire Congress or the administration.

Chairman FORD. Do you find that to be true?

My State has never seen the light on the two-parent family issue. I am not sure we are that progressive.

We might be a poor State, but welfare benefits have always been very, very low at the expense of other big ticket items for nonpoverty stricken citizens of my State. So I am not sure there are welfare recipients who can afford to pay $300-an-hour pinstripes to lobby for them in the State legislatures or here in the Congress.

The children, 8 million children, who are forced into this poverty cycle, through no fault of their own, will not have the ear of a Governor or someone in the legislature will continue to pound away. The Federal Government has a bigger responsibility to guarantee the citizens of this country, even though they might be forced out of the work force, the basic necessities of life.

Governor CARPER. Let me just say with respect to two-parent families, as you well know, our policies in this country and in many of our States, have been such that they encourage the dissolution of two-parent families in the maintenance and creation of one-parent families.

I don't know the administration's proposal well enough to be able to say this with certainty, but my recollection is that the administration tries to reverse that so that we support the establishment I think more firmly of two-parent families and even provide assistance to two-parent families for an extended period of time, as long as they are making a determined effort to find a job.

Chairman FORD. The administration only supports it for a certain time period. There is a cutoff period. The administration is not fair in their provision in this policy when we talk about family stability, family structure, out-of-wedlock births.

We hear all of the talk that the Federal Government institutionalized out-of-wedlock births. When you see in so many States that a woman could sleep with her boyfriend, but couldn't sleep with her husband, something was wrong with the policies.

Governor CARPER. I agree. I don't know that I would recommend a set of policies that said we as a Nation should encourage the formation of two-parent families and the sustenance of those.

Chairman FORD. I am just talking about my Governor and the other Governors.

Governor CARPER. If a State, whether it is Tennessee or somewhere else, doesn't want to do that, can come to this administration or subsequent administration and ask for a waiver. My guess, they would not have a lot of success in getting a waiver on that point from the administration.

Going back to something you said earlier, the members of the subcommittee, indeed, the members of your full committee and the House as a whole, have different points of view on welfare reform. We are talking about flexibility and how the States wanted flexibility.

In order for us as Governors to be able to come to a consensus on the principles that I have shared with you earlier, part of what we have had to do is to agree that States would have flexibility to have an option to do something differently in our State, to perhaps take a different course, and some of those are fairly controversial. But the issue of whether or not a State, there will be a cap with respect to payment of welfare benefits and when a person has more than one child—in Delaware, we don't have such a cap. You have got some States for whom that is an important thing. The Governors are Democrats or Republicans of those States, and for us, the best way to reach a consensus was to give the States some flexibility.

Chairman FORD. I am not opposed to that, Governor. Please, understand that I am not.

But in looking at many of the waivers that have been requested by HHS, many of the States have new programs they want to demonstrate. Some are successful and some are not. I certainly support the Governors' Association. You have been in the forefront of the Family Support Act of 1988.

Certainly, the Governors' Association has been responsive in a bipartisan way to this subcommittee and others here in the Congress. I think we just want to make sure when we tackle this issue of the flexibility to States, that Governors understand that when they come up with new ideas to demonstrate or to implement a new policy, that there must be Federal guidelines which all States must follow to make sure that those who are caught in this vicious cycle don't slip through the safety net. That is basically what we are trying to say.

I, for one, think that every welfare recipient drawing welfare and able to work, should work. We shouldn't wait 2 years. We shouldn't wait 2 months. There are many adults who are in the welfare population that are job-ready; they are ready to go to work. I would like to see them go to work.

I don't think we have to set up all these case managers and hire all these socialworkers and everyone else to manage the poor. We need to create some of those jobs for the welfare recipients and place them in the jobs so they won't come back on the welfare rolls.

We are trying to identify jobs for the whole group of people. We are out here talking about all of these jobs; 400,000 to 800,000 people working. And everybody with this rhetoric—we are talking about creating jobs, but we are not talking about creating jobs for the welfare population.

And that is what this welfare bill is before this subcommittee. The new welfare policy changes we want to make in this country would reflect the welfare population and not socialworkers. I love them dearly, but I think what we are trying to create are jobs.

Governor CARPER. If we need 400,000, we will use that, that is the administration's term. If we need 400,000 jobs outside of that which would be created in the private sector and nonprofit sector

in the next several years, if we need 400,000 jobs, I certainly don't want to see us have to hire 200,000 socialworkers, nor does any Governor, in order to be able to find jobs for 400,000 folks who are now on welfare.

Thank you.

Chairman FORD. Thank you, Governor.

Mr. Santorum.

Mr. SANTORUM. According to President Clinton, we have created 3 million jobs in the last 3 years; 400,000 in the course of 5 years is a drop in the bucket. I guess maybe that is really the emphasis, is to try to get people in private jobs and that is what we hope some of the limitations and penalties that are included in the bill that have been proposed, in fact, do, which is encourage people to get into the private sector job market.

Governor CARPER. I could say, Mr. Santorum, what I would hope in my State and Pennsylvania and other States, that that is exactly what we do. Rather than simply go out and create, make work, jobs, more jobs of marginal utility or need, that we do a very good job of coordinating our private placement efforts of getting people in their private sector—in my State, 8,000 new jobs in the last 12 months. As Secretary Nazario said, we need about 1,000 slots in the work program. We need about one-eighth.

Mr. SANTORUM. I think it is important in the welfare population to get to work. I know Mr. Levin is working on this issue with the Reemployment Act, and we are trying to develop some consensus on this point—we must do a better job of getting people out into the job market as quickly as possible once they end up on the unemployment or welfare program.

A couple of questions. First a comment and that is I want to also share in the Chairman's comments about the tremendous work that you did on the Family Support Act of 1988, and the key role that you played in doing something which is, unfortunately, becoming less and less, ever since you left, less and less evident here, which is the bipartisan cooperation in fashioning social legislation. And I compliment you on the work you have done and we could use you back here again. Although I am sure the people of Delaware are happy to have you as Governor.

Governor CARPER. I am sure there are some that would be happy to send me back.

Mr. SANTORUM. You traded places with a very good guy, Mike Castle, who has done a tremendous job for us in giving the States' perspective on the Republican bill and did a terrific job, so I compliment the both of you.

Governor CARPER. It is interesting, I worked as Governor, as you know, along with then Governor Clinton, from the NGA perspective, and now we have sort of the opportunity to reverse.

Mr. SANTORUM. Now he is here mandating what you guys are going to do in the statehouses.

A couple of questions I have and these are sticking points that a lot of Governors have made about the House Republican bill, and I would like to air them. One is that the participation rates are much too stringent and that we are going to force too many people into the system and it is not going to be ready.

Before you answer that—and I saw your testimony with respect to the President's participation standards, and you said they were ambitious. And I don't know if you said unworkable, but at least ambitious, let's leave it at that.

Ours are actually even more ambitious than that. And then there are proposals that go even much further than ours. We like to think we are somewhere in the middle ground as to what is feasible to get people into the programs.

And the comment I want to make is—and again, this goes with some of the other thinking that has been going on in this committee, and that is to change the nature of these programs from—and I know you cited the SWIM example in San Diego—a program where you really have people who are receiving government benefits, to a program that is a much more dynamic program, where you are actually rewarding people who run the system. We must reward administrators who place people in jobs and help turn welfare into a much more dynamic place, instead of dishing out checks every so often to welfare recipients.

And to do that, I think you have to be aggressive and dynamic in your approach, and I don't want to leave the vestige of the old in with the new and have everything bogged down, but really strike a new course. That is one of the reasons we have been aggressive in participation standards; and I just want your comment on that.

Governor CARPER. We talked earlier in the questioning of what the Chairman raised about flexibility for the States. We believe that flexibility also should occur with respect to participation rates and maybe more specifically the targeted population.

As you may recall, in the administration's plan, the targeted population for those who would be expected to participate is again really those people born since 1971. We as Governors believe that if the State wants to be more aggressive, if they want to say those born since 1961, or those born since 1951, that the State should have the flexibility, the right to include that larger population.

Mr. SANTORUM. As you know, we don't provide any prescription as to what population you can deal with to meet participation standards. You can deal with it however you like under our bill.

Governor CARPER. I think that is helpful. I think it is also helpful that the administration said at the very least, though, we want you to include in that target these people that are going to go through this job training program and expect to become self-sufficient. At the very least, we want you to include people born since 1971. If Delaware or Pennsylvania wants to go an earlier date to enlarge that group, fine.

I think it is important that we exclude from that group those people who may be disabled, who have a disabled child to care for, maybe those who have a very young baby. I think the administration says in their proposal that they exempt from the targeted group maybe those with the first child up to the age of 1, and the second child for 3 months. I think those are appropriate exceptions as well.

Mr. SANTORUM. I appreciate it, my time expired.

Let me ask one very quick question.

You talked about the difficulty of paternity establishment. I think every member of this committee recognizes the importance of establishing paternity in requiring fathers to take a more active role in providing for their child. And there is an effort which I believe will be bipartisan here to try to get a more active role for fathers. But, obviously, paternity establishment is the linchpin in making that happen. We are a bit concerned when we hear from the States that it is just too cumbersome to establish paternity.

We have comments from people representing people in welfare programs, that States take an inordinate amount of time to go through and establish paternity, that this is not a high priority of States, to establish paternity is costly, et cetera, et cetera. Recognizing the fact that paternity establishment is, in fact, a linchpin as to making fathers be more responsible and involved with their children, what is it that we can do or should do to encourage States to do a better job at this?

Governor CARPER. I think some States—and we in Delaware just passed legislation to make it easier to determine paternity so you do it at the hospital, you don't have to go through a cumbersome legal process in front of a judge in order to get someone to acknowledge paternity of a child.

Other States can do the same sort of thing. We are not unique. We have learned to do that from other States, and what we simply need to do is share those ideas.

I think you are right, but if we don't do a job, a good job, at the outset, almost at the time a child is born in the hospital, that is the best time to probably determine paternity. And in many cases, you will have a father that will actually show up at the hospital who may not be there 1 month from now or 1 year from now, but will be there for the birth. And we need to make that connection at that time and make it as painless and easy as possible.

We talk about a lot in welfare about what women—we don't put a lot on the spotlight of our responsibility as males as the fathers of these children, and it is important that we do that.

Chairman FORD. Mr. Levin.

Mr. LEVIN. Thank you.

Welcome to our distinguished colleague, and we are pleased to see your new role.

Governor CARPER. I am an extinguished colleague.

Mr. LEVIN. Not extinguished, distinguished. You left of your own volition and we are glad to see you in your new role.

Governor CARPER. Likewise.

Mr. LEVIN. Your testimony places a substantial emphasis on flexibility, and I very much agree with that. I do think that combined with flexibility will have to be the principle of responsibility and that the States will need to accept that duality. I, for one, for example, feel that the greater the State partnership, the more likely it will be that we can end up relying on private sector rather than public sector jobs.

That is my hope, that you and other Governors being geographically closer than anybody here, will be able to very much direct the effort toward private sector rather than the creation of public sector jobs. You will have that responsibility and perhaps we can provide some incentives.

It is also true for the target group that I agree with the principle of flexibility. And the President's proposal doesn't limit what the States can do. It places a requirement of where the focus will be and States can build on that.

In my own judgment, it might be better to give States greater flexibility. It also is going to mean more responsibility. And so, if I might just say to you as the representative of all the Governors, that I hope very much in the next weeks and months, that there will be a very active partnership in creating new legislation.

I don't know what the experience of my colleagues has been. In each of our cases, I think our particular State governments are active in this field, but I think in addition to their activity back home, there needs to be a very fertile exchange about what this legislation should look like. We need to work together to craft it.

So we look forward to seeing a lot of you, because I think your presence is going to be important and your participation is really going to be essential. Again, if you feel the States should have a greater role in implementation, I think that is going to mean greater responsibility, not only for implementation, but in construction of legislation. So I certainly very much look forward to working with you in your not new role, but relatively new role.

Governor CARPER. Thank you very much.

This is an issue that you and I and others in the room spent a fair amount of time on in 1988. I sit in a different seat today, and I have learned by virtue of where I am, and I hope I can take back a little of what I have learned and bring it back to you here on this subcommittee and committee as you attempt to develop a consensus of your own.

One of the wonderful things about being a Governor, I speak to one who almost was a Governor, as I recall, and I think would have been a good one. One of the best things about being a Governor, we are not a very partisan group in the NGA, and we tend to try to set aside our "Ds" and "Rs" hats most of the time and try to formulate good public policy, things that we can implement.

We have to be the implementers, and to the extent that we can share with you some of what we see are the practical problems of the proposals that are made, whether Democratic or Republican, we look forward to doing that.

Mr. LEVIN. Good. I think that those of that spirit might be helpful here on this issue.

Thank you.

Chairman FORD. Thank you.

Mr. Grandy.

Mr. GRANDY. Thank you, Mr. Chairman.

Tom, all of those nostrums about bipartisanship notwithstanding, there may be a certain amount of disagreement on welfare reform in Congress which may preclude a final product before the end of the year, before the end of this Congress. If we are not able to come to a kind of meeting of minds on a broader package, would the Governors be supportive of a smaller, more targeted child support initiative, that would do some of the things you have talked about, creating some uniform guidelines without putting some of the intrastate restrictions that are included in the President's package, but would attempt to kind of harmonize and focus on unpaid child

support? Not in lieu of welfare reform, but anticipating a welfare reform package that may come when we have a little less on our plate.

Governor CARPER. That is not something that the Governors have actually taken up and discussed, so I would be just speaking for myself on that front. There are a number of things that we need to do with respect to welfare reform to change our system.

The notion that we can change the earned income tax credit so that it could pull it forward into the present and provide a really strong incentive for people to take jobs, especially private sector jobs, I would hate to wait 1 or 2 years to get that done. The work that we can do with respect to more support to child care—among the things we need in welfare reform that are going, I believe—are more help on child care, so when a person goes to work they will have somebody to help take care of their child. Some help on health care, so that if a person becomes one of the working poor they won't lose their health care. We need the help on the child support enforcement. We need the help on the earned income tax credit. We need some continued flexibility that we talked about here before.

I would be—I personally would be disappointed if the best that we could do would be the work of a very small narrowly focused package on child support enforcement. If that is the best we could do, that is the best that we can do.

I also express a concern, sometimes there are locomotives, as you know, that pull legislation through the House or the Senate. And those locomotives may pull some things that are more controversial, but nonetheless needed, and you may have—if you take the child support enforcement out, I think almost everybody will agree it makes it that much more difficult to get the rest of the package done. So those are some reservations that I would speak to. Again, the Governors haven't talked about this. It is not one that is on our plate.

Mr. GRANDY. Let me talk about one of the linchpins in this legislation. One of the more controversial provisions is the question of time-limited benefits.

You argue in your testimony for more flexibility in enforcing those time limits, expanding the target population and finding different ways to phase the program in. I don't think we would be unreceptive to those ideas. But it seems to me the price of State flexibility is going to have to be some accountability for the public dollars, Federal and State, that go into investing in this new program.

As Governor of Delaware, how far do you go to enforce a time limitation on a single mother in a State that may not have its public works program up and running? How far would you go to enforce that if the limit expires and that individual is capable of working, but is not working?

Governor CARPER. Is it a person willing to work?

Mr. GRANDY. I use that term subjectively. If you are willing to work, but you are not willing to look for work, how do we draw that distinction. Here is the bottom line: One of the criticisms that is made against time limitation is that ultimately it will be too difficult to enforce.

To pull a child away from a mother who is able to work, but unwilling to work—how paternalistic does the State get in trying to bring down the discipline of limiting the public subsidy. In my view, and I am a supporter of the Republican initiative, this issue has not been fully, I think, posited to you and yet it will be on the front lines of this debate.

How good is your ability to make that program work when we get down to those individuals whose behavior we are trying to modify, but who resist?

Governor CARPER. These are not easy calls. You have an instance where the custodial parent, the mother in this instance, is able to work, has gone through the training, taken advantage of the training, and is not willing to take a job that may be there.

Do we punish that mother and indirectly the children of that mother?

Mr. GRANDY. You certainly would if you just cut off the benefits.

Governor CARPER. I think what is the administration proposal and what I hope is in the plan that you are supporting is an approach that does punish the mother, but does not reduce the benefits for the child, making sure that the child still has access to health care, that the child still receives the child's portion of AFDC, but I don't think you are going to ignore the custodial parent who is not making the effort to take a job that may be there.

In some cases if, by taking what I describe as a tough love approach, if it jeopardizes a child, we may need to move that child for a period of time into the home of a relative.

Mr. GRANDY. That brings up another set of questions because we did not target the question of illegitimacy in this discussion, but clearly it is part of the President's initiative and one of the reasons he creates the target population that he does. But let me ask you again about tough love.

Are the States prepared to say to a 14-year-old mother who is trying to acquire benefits that the price of those benefits would be the successful completion of your high school education or the equivalent thereof? Are they prepared to say that if you are able to live at home with a parent rather than access public housing, you must do that?

Governor CARPER. We take that approach in Delaware. We say to the parent, in this case the teenage parent, in order for you to be eligible for benefits, we expect you to continue to live at home with your parents or parent or if that creates a harmful situation to require them to live with a responsible adult.

Mr. GRANDY. Would you make that a Federal requirement or a State option?

Governor CARPER. I would make that a Federal requirement and then give States the option to come in and ask for a waiver.

Mr. GRANDY. In other words, you would have the States opt out of that requirement as opposed to opting in?

Governor CARPER. Yes.

Mr. GRANDY. Would the same thing apply to a high school or secondary degree of some sort?

Governor CARPER. It probably would; yes.

Mr. GRANDY. Thank you.

Chairman FORD. I am not sure I understood that last comment, Governor. A teenager 14 years of age wouldn't qualify for any housing assistance in my State. Even if they were eligible, most housing authorities have waiting lists so long, until if you were 30 and had a baby, you couldn't get accommodated into any public housing units.

What I really don't want us to do is lose focus of what we are trying to accomplish. We are trying to end welfare as we know it, according to the President. If we want to end welfare as we know it, we want those who are able to work to go to work. That is the bottom line.

All the flexibility in the world which the States might want, and I want to give you as much as possible as long as the States don't get carried away with it, doesn't convince me that the States are ready to rid this country of this problem when we look at waivers and programs States have under demonstration now.

Out of the 1,000 job slots that we are talking about, revenue sharing has gone from the States and municipalities. We don't see any direct assistance for the urban and rural areas throughout this country.

What if the Federal Government gave you something like $25 million to train people and bring them into State and municipal governments throughout Delaware?

Governor CARPER. As State employees?

Chairman FORD. Make them State employees, train them to be State employees, municipal employees, wherever, we could place them on community work programs. If you had a full-time slot for on-the-job training, with the $25 or $30 million that it would take for these 1,000 job slots, you could hire them. When we had revenue-sharing States, municipalities didn't have a problem hiring people.

The CETA program brought people into government jobs. You thought they were full-time government, municipal employees, and many of those employees moved on to the private sector after they had on-the-job training. Like today, many State employees, when the opportunity comes, move to the private sector.

In my State, that is true and in my city, that is true. What would happen if the Federal Government said in order to ease this problem, we would like you to not create jobs, but in those areas where you have a tight budget bring other employees onto the State or municipal employment rolls. What if you had $30 million to employ people in State government similar to the CETA program or similar to a revenue-sharing program?

Governor CARPER. I am not interested in growing the size of the employee rolls in the public sector in our State. Though, I would be willing to improve opportunities for child care when a person took a job in the private sector or maybe in a nonprofit organization, to improve the quality of child care and to extend the length of time that one would be eligible for child care.

I would like to use the money with respect to health care, to make sure that if a person leaves the welfare roll and takes a minimum-wage job, that they are not going to have for just a couple of months or maybe for a year, but to continue to enjoy health

care, for an indefinite period of time. That is how I would use that money.

Chairman FORD. But if they are earning meaningful wages, you won't have to worry about health care. You have health insurance on your other State employees. They would be treated as all other State employees.

You wouldn't have to worry about child care, to that degree, if we are talking about meaningful jobs. I don't see the welfare population as a population that ought to receive minimum wages. I think a lot of people are trapped into this welfare cycle who have lost meaningful wages and good jobs, who would like to go back to work.

Through no fault of their own, we had a bad economy under the Bush administration. We saw more people joining the welfare rolls then, than at any time in the history of this country. There are 15, maybe 20, percent of hardcore welfare recipients who it would be difficult to bring right into the work force, but that wouldn't necessarily be true with the total population.

I don't think that we should confuse this total population. Ensure those who are on welfare, minimum-wage jobs or right above minimum-wage jobs and income tax credits. Place them in jobs and let them work immediately.

I was really directing the question to the Governors' Association as it relates to revenue sharing, the old Comprehensive Employment and Training Act, and the cities, municipalities and States receiving something similar.

I am not asking you to create jobs or how would you manage that on welfare. That is the problem I have with States. Child care is not really caring for the child. Child care under the welfare program received one amount of dollars, but under the supplemental security income program, States receive another set of Federal dollars for all the disabled children.

I don't think that child care is a complete answer for children who are born in these rat-infested shacks that are unfit for human habitation. I don't think those children are privy to things in life like other children.

To think that child care is the answer—child care is needed for job opportunities for the mother, yes, but that is not the answer to problems that welfare children are faced with in this population.

So I guess my question is, what if you had something similar to a CETA program? In the CETA program we didn't have child care. In the CETA program, we didn't have health care. It was provided through municipal, county and State governments.

What if you had something similar to CETA that would overnight take 50 percent of the people off the welfare rolls? Everybody is talking about taking them off and giving everybody the flexibility, but if we are serious about it, we would create some jobs right away.

Governor CARPER. Again, when the Governors have met—and I have been a Governor for 1½ years—we have had during that period of time maybe four opportunities to meet. In recalling conversations collectively, I can't recall hearing the Governors as a group saying "We would like to recreate something like CETA." I hear them saying "for God's sake, take this earned income tax cred-

it and let us share with people when they go to work on day one. Do something with respect to health care reform."

I hope you will be able to accomplish that this session. I like the idea—I realize this is subjective, but if you were to give us $25 million, we might take some of that money and give private sector employers a tax credit to hire someone who has been on a welfare roll to bring them into a private sector position.

Those are the kinds of things I think Governors are more inclined to do.

Chairman FORD. Governor, thank you very much for your testimony.

Governor CARPER. Thank you very much for letting me come.

Chairman FORD. I have one Member of the House, Mr. Becerra, who will come forward. I would like to call the next panel.

I would like to have Richard Nathan come and take the second seat next to Mr. Becerra; Hon. Jane Campbell, majority whip of the Ohio House of Representatives, and president-designate of the National Conference of State Legislatures; Hon. Kay Coles James, secretary of the Department of Health and Human Resources, Commonwealth of Virginia; Michael Pappas, Chairman of the Human Services and Education Steering Committee of the National Association of Counties; and Kevin Concannon, director of the Oregon Department of Human Resources.

I am going to recognize my colleague who has testified once before this subcommittee on the topic of welfare reform, but he wanted to come back to discuss the issue of financing. We are delighted to have you back today.

STATEMENT OF HON. XAVIER BECERRA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. BECERRA. Thank you, Mr. Chairman.

I appreciate the opportunity to come and speak specifically about the issue of the financing components of welfare reform. I appreciate the time that the committee is giving to the issue and I want to applaud the chairman for taking the time to raise questions about what welfare reform should be about.

Let me try to be brief, because I have submitted testimony and I think some of the previous witnesses have already touched on the subjects of financing. I wish to touch briefly upon the subject of the $3 billion or so that the administration seeks to use for the financing of welfare reform. This mechanism involves the curtailment of benefits to legal immigrants, not those who are here without documents, but those who are here as legal immigrants with a right to be in this country as well as the right to become U.S. citizens.

I know that there are other bills. There is a Mainstream Forum legislation and I know Republicans in the House have other measures as well that would be harsher in the treatment of illegal immigrants.

Let me begin by saying that I think the issue is a matter of equity. When you have a group of individuals in this country who except for the fact that they are not citizens, pay the same taxes and who have the same obligations in every sense that any U.S. citizen would have, including fighting in wars and protecting this country's integrity, then it seems somewhat incongruous that they may not

receive services because of their immigrant status. It's inequitable for us to tell individuals that are paying the price of being in this country and trying to serve, who are residents of this country and who want to become U.S. citizens, that they are not able to benefit from the services that are provided by taxes that they pay.

I think we would want to take a very close look at what we do with regard to those who are providing for the services that are being provided by the Federal Government.

Second, I understand that former Congresswoman Barbara Jordan, who is the Chairwoman of the U.S. Commission on Immigration Reform, has also testified before this committee as well. I believe that bipartisan group is doing a tremendous job of trying to sift through all the debates and questions being raised on immigration, both legal and undocumented, and I would urge the committee to heed some of the words of Congresswoman Jordan and the Commission on the issue of immigration.

It seems to me that one of the things that the Chairwoman stressed was that we want to avoid treating a class of individuals differently solely because they may not yet have citizenship status, but ultimately will have. It also seems to me prudent to deliberate the findings of the Commission to determine what, in fact, we should do when it comes to the issue of immigration, especially those who are here legally.

I believe that you would find that most observers, including those who will testify after I do and some who testified before me, would say that it would be ironic if, in trying to reform the welfare system, the Federal Government shifted the cost of welfare to State and local governments.

The issue of immigration may do exactly that. We saw some of that last year when we had the debate on trying to find money for funding for our unemployment compensation system a little bit further and we did that by extending the deeming period for legal immigrants who would otherwise qualify for certain benefits after their sponsor had taken care of them for a time.

It seems to me that we should be very cautious as we move forward, and for that reason, I applaud the committee and the chairman for taking the time to explore this issue because it is not an easy one. If we are going to come up with true reform, we need to make sure that we don't do welfare reform on the backs of those who have also paid the price to be in this country.

Just a couple of other thoughts and I will close. I do appreciate the chance to come before the committee a second time. I would hope that we would pay close attention to what the State legislatures—Governors of different States are saying when it comes to welfare reform and how we need to make sure that benefits are provided to those who need them the most.

If it is work, as the chairman has said, then we provide the work and we provide the ability for these individuals to do the work. If those individuals that happen to be on welfare and a small percentage of those who are on welfare are illegal immigrants that aren't citizens, but if some of those individuals who need to work happen to also be legal residents, I would hope that this reform debate will show that everyone should have an opportunity to get off welfare.

We would show at the end of the debate on welfare in the record that those who are here legally after having paid taxes and after having fulfilled all their obligations, legal and otherwise, that we find a way to make sure that their taxes are being spent in an equitable fashion and a most prudent fashion.

It seems that we would find that there should be no reason to restrict access to those particular benefits to those who are paying for them, including the legal residents, and at the same time, it seems somewhat consistent with logic to make sure that those who are legal residents are not asked to pay an additional amount in taxes to support a system in which they might not be able to qualify.

I understand that there are concerns with the increase in the SSI component of public services that are being consumed at this stage by legal immigrants. I would hope the committee would take a close look at the fact that what we have seen in the last decade or two is the fact that we have taken in quite a few refugees into this country, and most, when they come, because of their status, don't come with a lot.

They have had to either escape the country that they are fleeing quickly or come with very little notice, and as a result, oftentimes they come with very little in terms of wherewithal to be able to sustain themselves. That, of course, is more applicable to the elderly refugees.

If you take a look at the SSI ranks of the illegal immigrant, you will find that a great number of those are refugee immigrants who have come because they had no choice but to escape their country.

Those are a few thoughts that I hope the committee would take a close look at. I appreciate the time that the chairman has given to the issue. I hope that what we will do is perhaps wait until we see what the Commission on Immigration Reform has to say on the whole issue of what we do with illegal immigrants, and whether or not we can find some dollars to help us on the welfare reform debate, but I think that given the cloud that is over the issue of immigration and the questions not yet answered, it would seem very prudent for us to try to withhold any judgment on the issue of legal immigrants until we have word from the Commission.

In terms of the undocumented immigrant, I think it should be very clear for the record that the undocumented alien is not eligible for welfare, for most of the public services that are available to citizens and legal residents at this time.

Thank you, Mr. Chairman.

Chairman FORD. Thank you.

Mr. Santorum.

Mr. SANTORUM. Thank you, Mr. Chairman.

Just a couple of comments. You mentioned that you believe one of the sources of growth in the SSI program has to do with refugees who are coming to this country and the recent rise in refugees. Do you have any information that backs that up?

We have not had any testimony to the fact that the reason you are seeing this dramatic growth in SSI recipients is due to refugees, particularly aged refugees.

Mr. BECERRA. I can try to pull the statistics for you. I know that recently we have seen an increase in Russian Jews who have come in; the Vietnamese who came in during the seventies.

[The following was subsequently received:]

93-1046 A

CRS Report for Congress

Alien Eligibility Requirements for Major Federal Assistance Programs

Larry M. Eig
Legislative Attorney
American Law Division

Joyce C. Vialet
Specialist in Immigration Policy
Education and Public Welfare Division

December 8, 1993

Congressional Research Service • The Library of Congress

Summary of Alien Eligibility for Selected Programs--Continued

Federal programs	Eligible[a]	Ineligible or restricted
Job Training (JTPA)	Immigrants Refugees/asylees Parolees Others aliens authorized to work	Undocumented aliens Other aliens not authorized to work
Medicare[i]	Individuals who paid Medicare taxes in covered employment[k] Immigrants after 5 years residence may buy in	All other aliens[j]
Unemployment Compensation	Immigrants Refugees/asylees Parolees Other PRUCOL Other aliens authorized to work	Undocumented aliens Other aliens not authorized to work Certain nonimmigrants[l]
Old Age, Survivors, and Disability Insurance (Social Security)	Individuals who paid OASDI taxes in covered employment[k] for the minimum period and their dependents and survivors in the U.S.	Ineligible All other aliens, including nonresident dependents and survivors who fail to meet residency requirements Limited Other nonresident aliens
Student Aid	Immigrants Refugees/asylees Intending permanent resident	Undocumented aliens Aliens present for temporary purpose

[a]Aliens must also meet all eligibility requirements that apply to U.S. citizens.

[b]The term "legalized alien" includes both those whose status is based on their pre-1982 residence here and special agricultural worker (SAW) legalized aliens.

[c]PRUCOL is an acronym for "permanently residing under color of law" which includes refugees, asylees, parolees, aliens whose deportation has been withheld or suspended, etc.

[d]Nonimmigrants are admitted temporarily for specific purposes (e.g., tourists, students).

[e]"Sponsored immigrants" entered with affidavits of support from U.S. residents, indicating they were not likely to become public charges. For the purpose of determining financial eligibility for AFDC, SSI, and Food Stamps, some portion of their sponsors' income is deemed available to them for 3 years after entry.

[f]The restricted period for sponsored immigrants under SSI was extended from 3 to 5 years until October 1996 by Pub. L. 103-152.

IV. CHART OF ALIEN ELIGIBILITY FOR SELECTED PROGRAMS

Federal programs	Eligible[a]	Ineligible or restricted
Aid to Families with Dependent Children (AFDC)	Immigrants Refugees/asylees Parolees Other PRUCOL[c]	Ineligible Undocumented aliens Legalized aliens[b] for 5 years Nonimmigrants[d] Restricted for 3 years Sponsored immigrants[e]
Supplemental Security Income (SSI) for the Aged, Blind and Disabled	Immigrants Refugees/asylees Parolees Other PRUCOL[c] Legalized aliens[b]	Ineligible Undocumented aliens Nonimmigrants Restricted for 5 years[f] Sponsored immigrants[e]
Medicaid	Immigrants Refugees/asylees Parolees Other PRUCOL[c]	Ineligible except for emergency conditions Legalized aliens[b] for 5 years Undocumented aliens Other non-eligible aliens
Food Stamps	Immigrants Refugees/asylees Parolees Aliens with deportation withheld[g] SAW legalized aliens	Ineligible Other PRUCOL Undocumented aliens Pre-1982 legalized aliens for 5 years Nonimmigrants Restricted for 3 years Sponsored immigrants[e]
Legal Services	Immigrants Certain close relatives of U.S. citizens Refugees/asylees Aliens with deportation withheld[g] Legalized aliens[b]	Ineligible Undocumented aliens Parolees Other PRUCOL Most nonimmigrants Limited Temporary H2-A agricultural workers[h]

U.S. DEPARTMENT OF STATE
BUREAU FOR REFUGEE PROGRAMS

Summary of Refugee Admissions
Cumulative

Fiscal Year	Area							
	Africa	Asia	Eastern Europe	Soviet Union	Latin America	Near East Asia	PSI	TOTAL
1975	0	135,000	1,947	6,211	3,000	0	0	146,158
1976	0	15,000	1,756	7,450	3,000	0	0	27,206
1977	0	7,000	1,755	8,191	3,000	0	0	19,946
1978	0	20,574	2,245	10,688	3,000	0	0	36,507
1979	0	76,521	3,393	24,449	7,000	0	0	111,363
1980	955	163,799	5,025	28,444	6,662	2,231	0	207,116
1981	2,119	131,139	6,704	13,444	2,017	3,829	0	159,252
1982	3,326	73,522	10,780	2,756	602	6,369	0	97,355
1983	2,648	39,408	12,083	1,409	668	5,465	0	61,681
1984	2,747	51,960	10,285	715	160	5,246	0	71,113
1985	1,953	49,970	9,350	640	138	5,994	0	68,045
1986	1,315	45,454	8,713	787	173	5,998	0	62,440
1987	1,994	40,112	8,606	3,694	315	10,107	0	64,828
1988	1,588	35,015	7,818	20,421	2,497	8,415	733	76,487
1989	1,922	45,680 *	8,948	39,553	2,605	6,980	1,550	107,238
1990	3,494	51,611 *	6,196	50,716	2,309	4,991	3,009	122,326
1991	4,424	53,486 *	6,855	38,661	2,237	5,359	1,789	112,811
1992	5,491	51,848 *	2,866	61,298	2,924	6,844	882	132,173
1993	6,969	49,858 *	2,651	48,627	4,126	7,000	251	119,482
TOTAL	40,945	1,136,957	117,996	368,154	46,433	84,828	8,214	1,803,527

* Includes Amerasian Immigrants

Table 1

Refugee, Entrant, and Amerasian Arrivals by Country of Citizenship

FY 1983 - FY 1993

Country	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1983-93
Afghanistan	1,234	1,465	1,443	1,595	1,741	2,211	3,161	2,418	2,200	2,021	2,790	22,279
Albania	397	1,168	1,339	104	42	74	47	82	44	42	56	3,395
Bulgaria	23	102	563	344	105	149	108	151	125	129	137	1,936
Cambodia	63	163	179	2,329	2,162	2,897	1,786	9,845	19,175	19,727	13,041	71,367
Cuba a/	6,550	6,382	3,930	4,538	3,802	3,093	292	143	180	87	617	29,614
Czechoslovak	1	16	153	331	910	661	1,031	1,427	948	822	1,227	7,527
Ethiopia	2,709	2,926	4,086	3,114	1,722	1,447	1,800	1,265	1,739	2,517	2,544	25,869
Haiti	1,952	10,442	0	0	1	4	0	0	0	0	0	12,399
Hungary	0	2	12	259	1,054	771	664	653	520	544	644	5,123
Iran	1,155	1,963	2,650	3,098	4,835	6,235	6,624	3,203	3,421	2,862	902	36,948
Iraq	4,561	3,375	822	66	103	40	196	305	232	161	1,583	11,444
Laos	6,944	7,285	9,232	8,715	12,560	14,597	13,394	12,313	5,195	7,218	2,907	100,360
Liberia	946	619	1	0	1	4	0	0	0	0	0	1,571
Nicaragua	60	18	194	634	341	201	36	0	0	0	0	1,484
Poland	52	163	371	1,623	3,564	3,306	3,406	3,577	2,822	4,300	5,508	28,692
Romania	229	1,505	4,531	4,075	3,276	2,833	2,999	2,588	4,456	4,293	3,741	34,526
Somalia	2,695	1,528	119	17	45	6	2	0	0	1	0	4,413
Sudan	253	126	6	59	6	1	2	0	3	0	4	460
USSR	48,383	60,997	38,476	49,743	39,381	20,020	3,458	793	647	730	1,371	263,999
Vietnam b/	31,401	26,795	28,396	27,797	21,924	17,571	19,656	21,700	25,222	24,856	22,819	268,137
Amerasian	11,176	17,087	16,514	13,370	8,720	363	3	0	0	0	0	67,233
Yugoslavia	1,881	3	1	2	3	2	2	2	22	25	10	1,953
Zaire	197	63	39	70	20	7	9	11	30	31	11	488
Others c/	353	356	592	340	201	154	181	78	186	235	124	2,800
Total	123,215	144,549	113,649	122,223	106,519	76,647	58,857	60,554	67,167	70,601	60,036	1,004,017

a/ Includes persons admitted under the Private Sector Initiative.

b/ Refugees only. Amerasians and accompanying family members listed separately.

c/ Countries with fewer than 100 arrivals each year from FY 1983 - FY 1993.

Mr. SANTORUM. I am looking at the growth during the eighties, from 100,000 to 700,000 over the past 12 years. If you have the documentation to support your statement, I would very much like to see that, but we have gotten no testimony to that fact to date.

You mentioned several times the term "inequitable," that not providing benefits to noncitizens is inequitable—and you mentioned one of the reasons was that they pay taxes. Well, we all pay taxes and obviously we don't pay taxes so we qualify for government benefits, but because we support our national defense, which they benefit from. We support infrastructure, which everyone benefits from. We have public safety, which everyone benefits from.

The vast majority of the taxes they pay, they have direct government benefits from. We are suggesting that there is one aspect of government benefits that should not be a beacon, as we have heard testimony, for people to come to this country, one; and two, benefits should be reserved for citizens of this country who have paid taxes for a long period of time and have rights as a citizen.

To me, it is not inequitable if that is the deal when you come to this country, you sign a document and you recognize that here is the deal by which you enter this country. There is nothing inequitable if you are willing to sign that document.

If you are not willing to sign that document, don't come to the country. If the deal is that people who come to this country in the future sign a document saying here is the agreement by which you can enter this country and it includes not being eligible for government benefits, where is the inequity? There is no inequity at all. It is a contract.

If you are willing to sign the contract, you live with the terms of the contract. There are a lot of things that people don't necessarily like in their contracts, but if you want to avail yourselves of the opportunity that you are afforded under the contract to enter this country, then you may have certain things that you are not particularly excited about signing on, but that is part of the deal to enter this country.

I think the term inequitable is not appropriate when it comes to people who voluntarily come to this country and would sign a document saying "Here are the terms by which I will enter the country."

Mr. BECERRA. I think I understand the point, although I must disagree completely. It seems to me that if we have these individuals signing some sort of contract saying that they are coming into this country and understand the conditions of their service here and their residence here, perhaps we should also ask them to pay only their fair share of the taxes. It seems unfair and inconsistent with the whole philosophy and founding of this country that we should have some people being taxed without representation.

Mr. SANTORUM. Are you suggesting that everyone who pays taxes gets their dollar back in benefits? I can tell you millions of Americans who pay inordinate amounts of taxes and don't get anywhere near the economic benefits in return. They are not eligible for anywhere near the amount of taxes that they pay.

Mr. BECERRA. Most legal immigrants never use the services that are available to them, and the fact remains that they continue to pay the taxes the way any U.S. citizen would pay them. Aside from

the fact of the citizenship status or lack thereof, there is no reason to treat them any differently and if they are paying the same taxes, unless you have information to provide for the record that shows that they pay any less taxes than any individual under the same circumstances, it seems inequitable to charge them more taxes without the ability to ever recoup some of the services that they are paying for.

Mr. SANTORUM. That is not why we pay taxes. We don't pay taxes so we can recoup the money. The government dictated what is necessary to support our society and we decide what is best for our society as to who should be eligible for those benefits, not the people paying the taxes to get their money back.

So it is a red herring to suggest just because people pay taxes they are entitled to benefits. A lot of people pay taxes who never receive any welfare benefits. So the fact of the matter is that whether we are being equitable is based on what people's knowledge is when they enter this country, and if their knowledge is that this is what the ground rules are for entering this country, then there should be no problem in equity.

The point that I want to close with is that we have a responsibility to the taxpayer to have a system which doesn't encourage this country to be the beacon of SSI payments as opposed to the beacon of opportunity for people across the world.

Chairman FORD. Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman.

Ms. Campbell, I have had a chance to look at your written testimony——

Chairman FORD. I am going to release Mr. Becerra.

Mr. CAMP. I have no questions for him.

Chairman FORD. I will recognize out of order Dr. Nathan, who has a flight to catch.

Mr. NATHAN. Thank you, Mr. Chairman. I appreciate your being flexible about my schedule.

Chairman FORD. I thank the panel.

STATEMENT OF RICHARD P. NATHAN, PH.D., DIRECTOR, ROCKEFELLER INSTITUTE OF GOVERNMENT, AND PROVOST, ROCKEFELLER COLLEGE OF PUBLIC AFFAIRS AND POLICY, STATE UNIVERSITY OF NEW YORK

Mr. NATHAN. Thank you, fellow panelists.

I think I have testified a dozen times on welfare reform issues going back 25 years to when I worked for a Republican President, I always like to say President Nixon in his first term, on the Family Assistance Plan when he tried to climb this welfare reform mountain.

I have thought in preparation for this hearing long and hard about the Clinton bill, H.R. 4605, and the conclusion I reach is this: That if I could—I put it this way in my testimony—if I could wave a magic wand and if I could have the Clinton bill enacted just as it is written, I would do so.

I remember 25-plus years ago how we worked really hard on issues to design the Family Assistance Plan, which was not enacted. It had its flaws. The next line is my punch line: No reform bill in the hotbox of welfare reform can fully satisfy people like me who

make our living as policy analysts nor is every provision of the Clinton bill just what I would like.

I could comment on the way I view differences, Mr. Santorum, between the Republican bill and the administration bill.

Right now it seems to me the fear is that in the cauldron of welfare emotionalism, that the bill that the President and his advisors very carefully crafted in a way that I think is balanced and takes many of the right steps, that that bill would be changed in a way that would be harmful to poor people, and especially to poor children.

This is a dangerous time for social policy. There is a lot of hot emotionalism on welfare issues. Still I say, if you could adopt the Clinton bill, as written, I think you should do it. I think it is a sensible middle ground. In many ways, it builds intelligently on existing laws in an incremental way.

Skipping to the middle of page 1, economists have a concept called signaling. In the case of welfare policy, we have been signaling like crazy for years now, but we have not made enough of a difference. This goes to a point, Mr. Chairman, that you have been making about needing jobs and how this bill and bills like this will push public agencies to create jobs. That is one of the things that a time limit does that people haven't thought hard enough about.

Our signal to people who are poor is that you should not have a child until you can support that child, that you should not live a life of dependency on the State, and that children who are born to very young single mothers are likely to have a hard time of it.

Every welfare bill that I can remember has signaled that way, that work is better than welfare, that families should be self-supporting, and that both parents of a child should be part of this self-support system.

Everyone who knows about welfare knows that in promising jobs after 2 years—and I do agree with the Governor that maybe the phasing should be 2 years and then 2 years into the 2-year time limit so it would take awhile to set this up and running—and the administration does phase in the program. I think that that is important because the implementation challenge here is a huge one.

There are five reasons in my testimony why I come down on the position I do. I am a member of the board and you will have a witness later from the Manpower Demonstration Research Corp. and their research shows that work welfare programs work.

Second, years ago I did a study of the CETA–PSE program and we found that it worked a lot better than people think.

The third reason is that there is money in the bill for the States to push forward on the JOBS program and they are up to 17 percent in 1993, which is 6 percentage points over the goal, so the situation isn't quite as bleak as some have been saying.

The fourth reason is a management reason. You just can't plan everything. You learn a lot of things by doing them.

Mr. Chairman, I remind you, I think that this is a signal also of saying that we want to create jobs and that governments have to create jobs for this population after 2 years. I think the administration bill is quite humane on the 1 year—1 year and then back into a system in which there is support—which is one of the imple-

mentation issues I would get into if there was time, but the red light is on.

Finally, I think jobs is the best route to welfare reform and that we may have gone too far on a human capital emphasis on training as a JOBS program philosophy. There is a kind of moderating effect in the Clinton proposal.

If there can't be legislation this year, I would like to see you consider a two-step approach of putting some money into the JOBS program now so we can get ready for systems changes that would take time then to enact in the next Congress.

Mr. Chairman, thank you very much for giving me this opportunity.

[The prepared statement follows:]

CLINTON WELFARE BILL SHOULD BE ENACTED

Testimony
Richard P. Nathan
Subcommittee on Human Resources
U.S. House Committee on Ways and Means

August 9, 1994

As a veteran of welfare reform debates going back 25 years to when a Republican President for whom I worked (Nixon in his first term) tried to climb this mountain, I have thought long and hard about the Clinton welfare reform proposal (H.R. 4605), the Work and Responsibility Act of 1994. If I could wave a magic wand and have the Clinton bill enacted as written, I would do so. I remember well the hard issues we wrestled with to design Nixon's Family Assistance Plan, which was not enacted. It had its flaws. No reform bill in the hotbox of welfare policy can fully satisfy people like myself who make our living as policy analysts. Nor is every provision of the Clinton bill just what personally I would like. Nevertheless, on balance, and taking into account the arguments below about how crucial it will be to implement this new program effectively, I would be pleased to see the Congress adopt the Clinton bill. The fear of course is that in the cauldron of welfare emotionalism the bill will be changed in ways that would be harmful to the poor, especially poor children. This is a dangerous time for social policy. Still, if you could adopt the Clinton plan as written, I would say do it. It represents a sensible middle ground that in many ways builds intelligently on existing law.

In the usual way, the Clinton welfare reform bill and the statements made about it overpromise. If this legislation is passed, the federal government must avoid what has happened too often in the past in this field; we promise the sun and we deliver sun spots. The JOBS title of the 1988 Family Support Act is an illustration of this implementation gap. The Family Support Act passed in 1988 is a balanced law that aids the states in adopting policies to get welfare families heads into the regular labor force. But based on research we have done at the Rockefeller Institute of Government, the funding for this law has been too limited, and the work done to implement it has gone slowly.[1]

Economists have a concept in theory called signalling. The idea is that what we tell people makes a difference in their economic behavior. In the case of welfare policy, we have been signalling like crazy for years now, but we have not made enough of a difference. Our signal has been that you should not have a child until you can support that child, that you shouldn't live a life of dependency on the state, and that children born to very young single mothers are likely to have a hard time of it. Almost every welfare plan I can remember - left, right, and center - has signalled (indeed preached) that work is better than welfare, that families should be self supporting, and that both parents of a child should be part of this self-support system. We have in fact shouted this to the rooftops. And yet illegitimacy rises (not just among the poor of course) and welfare roles are up. Many people exit welfare quickly, but the big cost and the big problem is the long stayers. This group overrepresents teenagers who have children out of wedlock and lead a life of welfare.

Everyone who knows about this field knows that in promising jobs after two years the Clinton bill sends a strong signal that presents lots of problems as to whether we can really do this. I credit the framers of the Clinton bill for their phasing in of this requirement, although even with the phase-in, the goals sought are tremendously ambitious.

Why then do I say we should pass the bill?

My experience and my research suggest five points that lead me to this conclusion:

1. As a member of board of the Manpower Demonstration Research Corporation, I have closely studied MDRC reports that show that work/welfare programs work - not well enough in many places, but that they do work. It would be desirable to do demonstration research on the effects of time limits on welfare. However, that takes time. If there is no welfare reform legislation this year, I think this kind of research should be pushed, but even under the best of conditions it will not produce results that this Congress or the next can consider.

2. At the Brookings Institution and Princeton University, we conducted a national implementation study of the CETA public service jobs program in the late seventies. Contrary to what everyone remembers (CETA is remembered as a big flop),

---

1. Irene Lurie and Jan L. Hagen, *Implementing Jobs: The Initial Design and Structure of Local Programs*, The Nelson A. Rockefeller Institute of Government, State University of New York, 1993.

the CETA public service employment program worked pretty well. In its early days, reasonably job-ready people did useful work in the community. Hugh Price, the new president and chief executive officer of the National Urban League, has urged a new public service jobs program to deal with low-level public infrastructure needs, of which we have many. The bill before you ties in well with his proposals.

3. My third reason for saying go ahead even though big challenges are raised by the Clinton proposal is that there is money in it. It provides critically needed additional money to the states to make their JOBS programs work.

4. The fourth reason for my conclusion involves management. As a student of implementation in government, I have observed that we learn a lot of things by doing them. Yes, we should plan more carefully and take management factors into account in doing so. Some of this was done in writing the Clinton welfare bill. But the fact remains that it bites off a huge chunk, and that there will need to be a lot of adjustments along the way if we are serious about this stronger signalling strategy for welfare. Still, I conclude we need to make a more substantial commitment to job creation for welfare family heads, both for people already on the roles and as a signal to other young people that the government won't just support you forever on welfare if you have a baby you can't support.

5. The final reason for my conclusion involves the importance of jobs as the best route out of welfare. This is the approach New York State is taking now under social services commissioner Michael J. Dowling. The New York program is called "Jobs First," At a recent hearing in New York City on this approach, an employer in the Bronx who hires welfare family heads in a home health-care program said he didn't like to hire women who have cycled through one training program after another. He called them "training junkies," and said many of them are just playing the system. Education for skills and training are the right answer for many welfare family heads, but I think we have gone too far in this direction in the past decade. Training is not the answer for many welfare family heads.

+ + + + + + + + +

These five points reflect my reasoning as to why the Clinton bill should be enacted. It is ambitious and tends to be oversold. But what else is new? In my view the bill represents as good a balance as we are likely to get now. If there is an opening this year to put the knotty welfare issue behind us by enacting this bill in the 103rd Congress, I hope you will do it.

If a full-scale welfare bill cannot be enacted this year, I hope consideration will be given to a two-step approach. By that I mean enacting some changes now to aid and push the states in implementing the JOBS program, holding off until the 104th Congress to debate more fundamental changes. The Clinton bill recommends $2.8 billion over five years in additional funding for the JOBS program. It also provides $4.2 billion for child care, $1.5 billion of this amount for the working poor. There is another $300 million for pregnancy prevention, plus $600 million to strengthen child support enforcement. If half of this funding could be authorized now - $4 billion divided among these several purposes - it would help the states beef up their JOBS programs and related services in order to build a better base for the kinds of more far-reaching changes sought in the form of time limits and the institution of a President Clinton's proposed WORK program.

Richard P. Nathan is director of the Rockefeller Institute of Government and provost of the Rockefeller College of Public Affairs and Policy, the State University of New York. He is also chairman of the board of the Manpower Demonstration Research Corporation. This testimony does not represent the views of either the Rockefeller Institute or the Manpower Demonstration Research Corporation. It states the author's position.

Chairman FORD. Thank you very much.

Mr. Nathan, you have monitored and contributed to welfare policy developments for quite some time and you date back to the Nixon administration. I would like you to place the CETA program in context for us today. I personally know many individuals who did well while CETA was in existence.

What lessons did we learn from the CETA program? If there were problems with implementation of the program, are they problems that can be solved in relation to a JOBS program for welfare?

Mr. NATHAN. We did learn some lessons. Actually, the CETA program, at its peak at 750,000 jobs for $4 million, was bigger than the first year of the administration's proposed new welfare reform bill 5 years out in its first year, the year 2000, of its implementation.

One of the things that was successful about the CETA program was that it worked for people who were pretty ready to go into the labor force. I think that one has to be careful in administering this bill to identify people who can't function in the work force.

Chairman FORD. Are you suggesting that the total welfare population is not job-ready or would not be able to go into the work force?

Mr. NATHAN. I have had a lot of experience looking at job programs and welfare systems and I am not suggesting that. I am saying that administration and getting people ready is very important.

In Washington, we have a lot of ideas. I spent 20 years of my life here, but we don't give enough attention to implementation, how things really work. So this readiness point for people who are going to go into these jobs is very important.

If we are going to provide jobs and focus more on work as opposed to a human capital focus, which has been the focus to date it is very important to have case managers and orientation and preparation so that in the 2 years before people go into these positions, they have some sense of what they are getting into.

I think that is the lesson of CETA when it got into trouble at the end. It was big and vulnerable and I think in 1980, no matter who was elected President, if even the most liberal person had been elected President, that was a vulnerable program and nobody was looking hard at how it was doing. It was doing much better than people think, Mr. Chairman.

Chairman FORD. And it moved a lot of people into the private sector from CETA titles I through VI; isn't that correct?

Mr. NATHAN. It moved a lot of people into doing useful work in the public sector and into nonprofit organizations, and it was in line with what the Clinton bill would do, which is signal that we are going to put a lot of emphasis on job creation and jobs even more than we do now.

This is a bit of a change for me, but I do think reading the Clinton bill carefully and thinking about the Republican bill, which I know about, that the Clinton bill is a pretty good balance and it does fit with a lot of things you have said today and that I know from your record are your interests.

Chairman FORD. Thank you.

Mr. Santorum.

Mr. SANTORUM. No questions.

Chairman FORD. Mr. Camp.
Mr. CAMP. No questions.
Chairman FORD. Ms. Campbell.

STATEMENT OF HON. JANE CAMPBELL, MAJORITY WHIP, OHIO HOUSE OF REPRESENTATIVES, AND PRESIDENT-DESIGNATE, NATIONAL CONFERENCE OF STATE LEGISLATURES

Ms. CAMPBELL. Good afternoon. Thank you, Mr. Chairman and members of the subcommittee.

I can only imagine how you must feel after all these hours of testimony since in my life in the Ohio Legislature, I sit on the other side. One of the things I do is I serve on the human services section of our budget committee, so all of this is very familiar.

I stand before you today representing the National Conference of State Legislatures as its president-designate. I am here to share with you our comprehensive written testimony which is before you.

Chairman FORD. It will be made a part of the record.

Ms. CAMPBELL. I appreciate that.

Let me call to your attention a few issues because I think what is interesting about NCSL is that we 2 weeks ago at our national conference adopted unanimously a welfare reform policy which is sort of a unique activity.

We are a bipartisan organization that includes all 50 States. As we looked at this, we indicated that in our minds, the most critical thing as we reviewed welfare reform was to understand that the welfare system that we have today was designed in a very different time, in a very different place, for a very different reason.

It was designed to deal with long-term dependency primarily of widows and orphans, and we applaud you, Mr. Chairman and the Clinton administration, for recognizing that it is time to make major changes in the welfare system and to move it from a system that enforces dependency to a system that strengthens families and promotes economic independence.

And so in our minds, the conversation now is about how do you replace that system and how can we forge the partnership between the Federal Government and State governments in trying to create a new system.

What we would like to see is an investment in work so that working families are always better off than families who must rely on public assistance. This means making sure that part-time work is recognized, that we eliminate some of the barriers that now exist in the Federal system that create disincentives for work, and we are glad to see that many of those are in the Clinton administration proposal, that we eliminate the 100-hour rule and the marriage penalty, and that there are opportunities for States to include more earnings on the part of their welfare recipients before their welfare grants are reduced. We are very glad to see these.

We appreciate the concept of a social contract between a welfare recipient and the government, but we understand that that is a two-way contract. So much of the discussion about this welfare reform has been how do we reform the people on welfare rather than how do we reform the system of welfare and change the incentives

so that the incentives are not for dependency, but the incentives are for people to actually experience economic success.

Now, I share with you, Mr. Chairman, the concern about jobs. I come from Cleveland, Ohio. In Cuyahoga County, which is my county, we have 45,000 adults who rely on public assistance as their primary source of support. We do not have in Cuyahoga County 45,000 additional jobs into which we could easily put these people.

We have been working very aggressively to make our JOBS program work. As a result, we now have 11,000 people who have been through the JOBS assessment and are ready and waiting for training, but we don't have enough money to provide them training.

So the aspects of the program that are very appealing to those of us as legislators are the transformation of the system from a dependent system to a support for economic independence.

We are, however, very concerned about the financing mechanisms that are included in the program. We believe strongly that making legal immigrants ineligible for programs will have the effect of transferring those responsibilities to the State governments. Many of our State constitutions do not permit us to treat members of our community differently.

We don't have the authority that the Federal Government has to say we are going to treat citizens one way and noncitizens another way. We must treat all the residents of our State on the same basis.

We are also concerned about capping the emergency assistance program because that emergency assistance program has become in the States a very meaningful way to make child welfare function, and this committee has been a leader in child welfare.

The work that you have done with family preservation is really at risk if we are no longer able to use that emergency assistance to deal with the very real crises that families have, whether it is heat or something else that may allow the family to stay together.

Finally, Mr. Chairman, we as State legislators have been in the front of the fight for child support enforcement. In my chamber, I sponsored the bill that created voluntary paternity establishment at the hospital initially with the birth certificate. Throughout the country, we have done licensing, postures, and a wide variety of things. We firmly believe that child support enforcement is key to welfare reform. We do not, however, want to see the system completely Federalized.

Those, Mr. Chairman and members of the committee are the concerns, as quickly as I can state them, of the National Conference of State Legislatures. We look forward to the opportunity to work with you on this important measure.

We have enjoyed unprecedented cooperation from the administration and know that in any activities, it takes both a legislature and an administration, and we are glad to be here as part of the process.

Thank you.

[The prepared statement follows:]

TESTIMONY OF REPRESENTATIVE JANE CAMPBELL
MAJORITY WHIP, OHIO HOUSE OF REPRESENTATIVES
NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. Chairman and Members of the House Ways and Means Subcommittee on Human Resources, I am Jane Campbell, State Representative from Cleveland, Ohio where I serve as House Majority Whip and am Vice Chair of the House's Children and Youth Committee and am a member of the House Finance and Appropriations Committee. I am the President-Designate of the National Conference of State Legislatures (NCSL), Vice Chair of NCSL's Human Services Committee and a member of NCSL's Welfare Reform Task Force and the State and Local Officials Advisory Group on Welfare Reform.

I appear today on behalf of NCSL to discuss the concerns of state legislators that need to be addressed in order to truly create a new system to foster independence and self-sufficiency for all low-income families and to reduce child poverty. My statement is based on NCSL's policy, "State-Federal Partnership for Federal Welfare Reform", passed unanimously at our Annual Meeting two weeks ago in New Orleans. The policy is the result of a bipartisan consensus of our task force on welfare reform, which examined this complex issue for two years.

Mr. Chairman, I would be remiss if I did not begin by applauding your work along with the Ways and Means Committee and the Clinton Administration to find ways to improve our current welfare system. NCSL's welfare reform task force had unprecedented consultation with the President's working group on welfare reform and commented extensively on various working drafts. The nation's state legislatures stand ready to work with you and members of this Committee to enact welfare reform that promotes self-sufficiency and ends dependence. We are committed to working closely with you to fashion legislation that will comprehensively provide education, training and employment for welfare recipients, ensure that those who work can rise above poverty and improve child support collections.

Our current system was created with one goal in mind: to provide a minimum level of support to families, mostly widows and orphans. In other words, to provide an inexpensive way to make sure that poor children did not starve. The system was designed to support long-term dependence and efforts to work were considered fraudulent.

Today, we expect our public assistance system to serve a variety of needs while not changing its design. The majority of children on AFDC are not orphans, they reside in single parent families with divorced, abandoned or never-married mothers. Most women now work outside the home and our economy has changed the type of job opportunities available to low-skilled workers. We believe that all recipients should work, yet the current rules penalize recipients who do.

We all agree that reforming welfare is imperative. We agree the current system must change. The public hates it; recipients hate it; politicians hate it; business hates it. Yet, most of the public is unaware that, comparatively, AFDC is a small program compared to Medicaid and Social Security.

NCSL strongly believes that concern for children and their well-being must be paramount. But in order to support these children, we must find ways with dignity to enable their parents to support themselves. We urge you to act cautiously regarding whole family sanctions so that we do not find more children thrown into foster care simply for economic hardship. Why does it make sense to pay more for someone else to raise a child whose mother or father loves them dearly and just doesn't have enough money.

Unfortunately, there is no quick fix for this program. Families become destitute for a variety of reasons. These include job loss, spousal abuse, the failure of our educational system, addiction, the recession, and the lack of child care and other support services. Self-sufficiency for these families will require a variety of solutions including child support enforcement, education and training programs and employment. Additionally, we need to invest in family formation, which this Subcommittee began by adopting the Family Preservation and Support Services program. **However, many federal rules, such as the 100 hour rule, work history rule and the marriage penalty, impede family formation. We urge the Subcommittee to allow these requirements to be waived in state plans.**

Mr. Chairman, state legislators believe that recipients who play by the rules and leave public assistance should not be worse off than those on welfare. I hear too often from mothers who leave public assistance for work that their first promotion, a ten-cents per

hour raise, often eliminates their eligibility for child care assistance. They also tell me that, after their transitional year of health care benefits, they must return to welfare for coverage of their children. **If our goal is fostering family independence, we must ensure that employment is always better than welfare. This includes part-time employment.**

True welfare reform will only come in a partnership between the federal government, states, localities, recipients and the private sector. For state legislators, this means a new welfare reform policy we can implement, that takes into account how state laws are enacted, that gives the states the flexibility to innovate and address local needs and that does not shift costs to the states.

INVESTING IN FAMILY INDEPENDENCE

Welfare recipients want to work. Mr. Chairman, I understand that in Tennessee you have reached the federal participation rate on volunteers alone. Every month, more than 400 women in Memphis and 200 women in Nashville volunteer to participate in JOBSWORK.

Too often, people who leave welfare cycle back into the system. **The federal government should give the states the flexibility to expand the amount that recipients earn without penalty of loss.** Currently for every dollar a welfare recipient earns, she loses a dollar. **By changing our incentive system through expanding earned income disregards, increasing the asset limit and fill the gap budgeting, we would change the incentives.** A study commissioned by the Washington State Legislature found that welfare recipients who work while on AFDC have a much better change of long-term self-sufficiency. **The federal government should allow the states to make these changes without the need for a federal waiver application.**

Conflicting federal rules for AFDC, Medicaid and Food Stamps often dissuade recipients from work. NCSL strongly supports efforts to simplify these rules and apply them consistently. We also must examine rules that may inadvertently limit the ability of recipients to work. For example, we have treated recipient ownership of automobiles as an asset rather than a means of finding and securing employment. Recipients are often penalized for vehicle ownership. **States should be allowed to alter the vehicle asset limit of $1,500 without having to apply for a federal waiver; this should be handled by a state plan amendment consistent with state laws. States also should be allowed to choose to reimburse reasonable transportation costs for participants in employment and training, transitional assistance and employment, both to and from work and to and from child care.**

MUTUAL RESPONSIBILITY AND TRANSITIONAL ASSISTANCE

We concur with the Clinton administration that welfare should be a temporary program for employable individuals when or where work is available. States should be accorded maximum flexibility in implementing policies that must meet local needs. **NCSL supports a time-limited or transitional period of public assistance and training followed by employment or federally subsidized work with support services. Unlike the Clinton proposal, state legislators believe that the time-limit should begin when a participant is enrolled in JOBS or another approved employment and training program.** States should have the flexibility to provide services that remove the barriers to employment for recipients prior to the JOBS program. However, we did not agree on an absolute amount of time (two years in the majority of federal proposals). **State legislators believe that a cookie-cutter approach will not address local needs. States should have the flexibility to determine the appropriate amount of time available for these families.**

NCSL believes that work opportunities for those recipients after a time-limit must be developed in conjunction with the private sector (similarly, training must be developed with an understanding of local job markets -- the private sector is critical to this activity as well). **We support employment opportunities in the private and not-for-profit sector with community work experience as a last resort. Work requirements must be developed and defined at the state level, taking into account the needs of the local communities and the private sector.** Many states, like Ohio, have pockets of extremely high unemployment that are not revealed in state unemployment figures. Therefore, state unemployment figures alone cannot be a mitigating factor in determining state participation rates. Work requirements for community service must be designed without displacing existing public employees.

Critical to our vision of federal welfare reform is mutual responsibility between government and welfare recipients. We support the concept of an employability plan and personal responsibility agreement. NCSL supports meaningful sanctions

for those who do not comply. However, we are concerned about sanctioning children for their parents' noncompliance. States must have the flexibility to design employability plans and personal responsibility agreements.

Renewing the social contract means that penalties for non-performance must be considered. However, sanctions for non-compliance must be viewed in terms of unintended consequences. There are contradictions in how we allocate resources. Many children have entered our foster care system because their parents do not have the funds for housing and heat. Yet, we pay foster parents more than public assistance to care for these same children. An unintended consequence of a too eager or rigorous sanction may be an influx of children into our more expensive foster care system.

Mr. Chairman, renewing the social contract between recipients and government has much support from state legislators. **However, a real contract must hold both parties accountable.** Government's role must be to find ways for recipients to be productive participants. Otherwise, the public's confidence will be destroyed and they will believe that once again government has failed to reform our welfare system.

BUILD ON THE FAMILY SUPPORT ACT'S JOBS PROGRAM

Mr. Chairman, we would like to see further welfare reform build on the consensus in The Family Support Act of 1988. States appreciated the flexibility of the current JOBS program and have developed programs to suit local needs. Unfortunately, the majority of states were unable to draw down our full allocation of JOBS funds.

In Cuyahoga County, Ohio, we currently have 45,000 adults dependent on public assistance. In our current welfare reform program, 11,000 have been through jobs assessment and found to need education and training. Since we do not have the funds to provide these services, they are not being served. In the past, public expectations have been raised by welfare reform, but federal funding has either had too high a match or too little available.

The Family Support Act is an example of this. Implementation of the JOBS program was a top priority in our legislatures. However, in 1988, we did not envision that the combination of a recessionary economy and simultaneous state fiscal crisis would lead to dramatic welfare caseload growth and our inability to provide the state dollars necessary to match all appropriated JOBS funds.

NCSL strongly supports expanding the JOBS program and increasing the federal matching rate. Any new welfare reform must build on the current program. We are especially appreciative of Representative Matsui's efforts to expand the JOBS program and make job development a legitimate JOBS expenditure.

EMPLOYMENT

As policymakers, we are concerned that federal welfare reform must be accomplished with a corresponding national economic policy and employment strategy. The federal government cannot make welfare policy in a vacuum. Structural economic issues such as interest rates, unemployment, seasonal employment, part time work and economic development intrude on our goal of self-sufficiency for welfare recipients.

The federal government must understand the diversity of our welfare population and its potential impact on long-term employment. **States must have the ability to choose different strategies for families receiving welfare.** A continuum of self-sufficiency might include different strategies: job search for those with skills and work histories, treatment for heads of households with substance abuse problems, mandatory work for those unable to find employment, part-time work with increased earnings disregards, and support for the employed so their work is better than public assistance.

The federal government must ensure that welfare policy matches economic policy. Otherwise we will continue impoverishing children while blaming parents for situations they do not control.

State legislators believe that welfare reform must address these new realities. A new partnership must be developed between the states, local governments, the private sector, welfare recipients and the federal government.

We have grappled with how to implement job training and employment programs that make sense. Cleveland is not Dayton and is not Belmont County down on the river. The job market in Cincinnati is markedly different than Appalachia's. In one county in Ohio we have had two major employers close a factory and a mine. In one five county area, the only major employer is a maximum security prison. Jobs are scarce. I know

people who drive 1 1/2 hours to 2 1/2 hours each way to work every day - an impossible task with a $1,500 car in the snowy hills of southern Ohio. Again, review our plea for state flexibility.

NCSL strongly believes that any education, employment and training program must allow states to develop their own plans to reflect local needs. A one-size fits all or cookie-cutter approach will stifle state innovation and recipients will suffer. Allow us to create our best effort.

I am concerned, however, that we think about any new employment and training program in concert with the myriad of state and federal programs that provide education, training and employment. Too often we are duplicating what is already there. **The U.S. General Accounting Office reported approximately 150 different employment and training programs. The federal government could assist the states by rethinking how these programs could better fit together and eliminating existing barriers to coordination.**

Additionally, NCSL believes that technical assistance must be made available to the states on how best to invest in training. The entry level jobs that we ordinarily train for are shrinking at an alarming rate. The private and public sectors must work together to identify emerging areas of employment and consider how best to train recipients for those jobs.

This does not mean that jobs are not available today or that only investment in education is appropriate. In some areas, fewer employment opportunities are available. Some recipients will need more assistance than others. **NCSL supports efforts that would allow states to provide upfront employment search and supportive services (like child care and health care) so that some recipients will never enter the welfare rolls.**

In our view, welfare reform must focus on community economic development first with community work experience as a last resort. Work requirements for community service should be designed without displacing public employees. The private sector should be encouraged to participate and must be at the table. Job creation and the development of employment opportunities are vital to our success. The need for community development in concentrated areas of poverty is a barrier to self-sufficiency. NCSL has long supported tax incentives for this purpose. The Targeted Jobs Tax Credit and the more recent tax incentive in the Empowerment Zones legislation encourage the private sector to hire within distressed communities.

NCSL believes that all federal rules should be repealed that put low income working people at a disadvantage as compared to welfare recipients. NCSL strongly believes that part-time employment with some support is preferable to nonwork.
NCSL believes that federal rules that create financial disincentives for work should be repealed. Working should always improve a family's financial and economic situation. Federal barriers to employment should be changed, for example:

> **Allowing states the option to use fill-the-gap budgeting;**
>
> **Allowing states the option to increase earnings disregards;**
> **Eliminating the 100 hour rule;**
> **Allowing flexibility to states to change or exempt resource and asset limits including the vehicle allowance;**
> **Flexibility for states to increase transitional child care and health care (medicaid) for more than the current one year with federal financial participation.**

SUPPORT SERVICES

NCSL believes that front-end services to avoid welfare participation are critical to the success of national reform. These might include the provision of child care or transitional health care to the working poor who may be at risk of entering the welfare system.

Mr. Chairman, lack of health care is often cited as the reason families return to welfare after leaving for employment. Women on welfare are often faced with a stark choice -- the dignity of employment that offers no health insurance or dependence on AFDC with its assurance of Medicaid for their children. Health care reform is a vital component of welfare reform.

Child care is another integral component of welfare reform.

Mr. Chairman, we cannot fool ourselves. Providing child care for an expanded numbers of recipients in education and training, work experience and in the transition from welfare to full time employment is very expensive. Adequate resources and an improved infrastructure is critical so that children have access to quality care.

We cannot ignore the issues of child care quality and increasing child care supply. Informal, unregulated care is still used predominantly in rural areas where child care choices are limited. As part of our program, we work to educate clients on how to identify good quality care. **NCSL strongly believes that funds should be available to the states to improve the supply of quality affordable care. The JOBS and Transitional child care funding streams have no funding available for any activities other than reimbursement. A welfare reform plan must allow states more flexibility to allocate some resources toward expansion of care.**

The public and private sectors can work together to expand the availability of child care. NCSL supports efforts to increase the federal match for child care.

We should not only focus on reimbursement for child care for welfare recipients. Careful analysis is needed of the impact of an expanded child care system for transitional welfare recipients on the working poor. Most states have waiting lists for our programs for families in need of child care who are at risk of entering the welfare system.

Transportation is another barrier to employment. Transportation assistance, including the option of increasing or eliminating the vehicle allotment, must be part of any federal welfare reform plan. Too often, work opportunities are provided at a distance from where recipients live. This assistance must take into account transportation needs for child care.

Work expenses are an additional barrier to employment. Uniforms, tools and texts are especially costly for those beginning employment. NCSL believes that the federal government must provide adequate funds and eligibility disallowance for work expenses. There is little coordination between the various programs that assist low-income families with their housing needs and self-sufficiency efforts. We urge the federal government to link these systems so that those who return to employment are not in danger of losing their housing assistance and can earn their way out of poverty.

FLEXIBILITY FOR STATE INNOVATION

Legislators, whether state or federal, must make difficult choices, usually within fiscal constraints. We must best decide how to spend tax dollars. Should we spend funds on developing jobs for employable adults or providing more education and training to recipients? Or providing the infrastructure to develop or monitor public work experience to AFDC recipients who cannot find jobs in the public sector after a time-limit?

The federal government, along with the states, needs to rank-order these goals, understanding the fiscal constraints we face. We probably cannot tackle them all at once. States should be allowed within federal parameters to create programs that address their local circumstances.

Additionally, the federal government must provide flexibility to the states in any employment program to help states meet the variety of local employment markets and gear education and training to those needs.

TEEN PARENTS

Teen parents need special assistance and early intervention beyond education and training to become self-sufficient. While only 7% of our welfare population, teen parents are particularly at risk for long-term welfare dependency and education deficiencies. States must be allowed to include programs to promote better parenting as well. **We believe that the new Family Preservation and Support Services program, which NCSL strongly supported, is an important first step in this area. We believe that it is essential that a link be made between this program and welfare reform. Teen fathers also must not be left out of these programs. If we do not include them, we will have a continuation of the break-up of these families.**

Mr. Chairman, Ohio's Learning, Earning and Parenting (LEAP) program 's evaluation results reveal that teen parents need special assistance to stay in school and, ultimately, improve their job opportunities. LEAP rewarded teen parents for participation in high

school or GED programs. Our LEAP students are staying in and graduating from school at much higher rates than the non-LEAP parent. I attribute our success, as does our evaluation, to the comprehensive counseling available to LEAP teens. A similar support system offered through the school called GRADS provided teens with child care, parenting support and assistance to stay in school. What truly mattered was that somebody cared for these teens, many of whom have never lived with a stable family. **State legislators believe that young welfare recipients need intensive case management.**

State legislators are uncomfortable, however, with proposals that mandate states to require teen parents to reside with their families. This requirement is an option under the Family Support Act of 1988 which five states have adopted. We believe that each legislature is capable of adopting this legislation if they so chose. Some have not due to studies illustrating a high incidence of physical and sexual abuse among teen parents.

NCSL strongly supports a nationwide campaign at the federal level to combat out-of-wedlock births as suggested by President Clinton. We urge a role for states in this campaign and the teen pregnancy prevention grant program will be established during congressional consideration.

We also support the Clinton proposal to target federal welfare reform on teen parents initially. Welfare reform must be implemented gradually for it to work. We believe that focusing our resources on teen parents will begin our effort with those on whom we can have a significant effect.

Our welfare reform task force did not find a research link between the availability of welfare and the occurrence of teen pregnancy. NCSL opposes the elimination of welfare benefits to young parents. However, we believe that over time teen parents have much more difficulty remaining self-sufficient and are more vulnerable to economic shifts in the labor market.

FINANCING

NCSL will oppose any financing proposals that will shift the costs of welfare further to the states. As a state legislator, I understand the difficulties of raising funds and the trade-offs involved in funding initiatives. It is our belief, clearly shared by members of Congress and the Administration, that a full scale revision of our existing welfare reform system will be expensive but worth the investment. The proof will be the results over time.

Mr. Chairman, welfare reform is not cheap. We learned implementing the JOBS program that employment and training programs, child care for participants and transitional benefits and a new infrastructure to monitor job participation is costly. Many states can not make their match even today. Ohio still serves very few eligibles.

I urge you to provide significant resources for this effort. If the federal government does not, welfare reform will fail.

States cannot afford welfare reform on their own. Community work experience, while considered a cheaper option, still requires a significant influx of funds for development and monitoring of work requirements. A major expansion, even phased-in over time, cannot be supported by states alone.

NCSL opposes financing welfare reform by unfunded mandates or by transferring needy populations to state government through the elimination of program and benefit funding by the federal government. Mr. Chairman, the federal government cannot eliminate their responsibility for legal immigrants , substance abusers, homeless families or families in crisis. This does not provide a solution for legitimate needs, instead it transfers the need to state and locally-funded programs and non-profit programs and public hospitals.

We are deeply troubled by proposals to finance federal welfare reform through elimination of benefits to legal immigrants. NCSL strongly believes that it is the responsibility of the federal government to fund its policy decisions. Since the federal government has sole jurisdiction over immigration policy, it must bear the responsibility to serve the immigrants that it allows to enter states and localities. Federal decisions have increased admissions and reduced targeted funding to states and localities for immigrants, shifting the costs to state and local budgets. For these reasons, we will oppose any financing that eliminated federal benefits for legal immigrants.

The majority of legal immigrants, refugees included, are employed and contribute to federal, state and local revenues. However, according to the Urban Institute, these revenues are heavily skewed towards the federal government while states and localities bear disproportionate shares of the costs of services to newly arrived immigrants. New York cannot and should not bear any further costs.

The federal government may find savings through eliminating SSI benefits to elderly, needy and disabled legal immigrants. Unfortunately, that savings will just shift the costs to states (in particular our general assistance program). The indigent elderly that are the 30 percent of the caseload that go on the rolls after their American citizen children cease to be legally responsible for them are no different than other indigent elderly who apply for SSI. 20 percent of the caseload were here at least 10 years before applying for SSI. 25% of the SSI population are refugees, the largest of which are elderly Soviet Jews. Eliminating federal aid will not eliminate the need, and state and local budgets and taxpayers will bear the burden.

Although the Clinton Administration's proposal shifts less cost than the House Republican or Mainstream Forum welfare reform proposals, NCSL strongly opposes expanding deeming from three to five years for SSI, Food Stamps and AFDC. As the Committee is aware, sponsorship is not legally-binding and approximately half of legal immigrants are admitted without sponsors at the discretion of the US counselor abroad. States have had difficulty locating sponsors and when we do, we cannot compel them for support. Legally, states do not have the Constitutional ability to treat legal immigrants differently than citizens (unlike the federal government which can under its foreign policy powers). Many states are also prohibited by their own state constitutions. So, the cost of serving needy legal immigrants will be shifted to the states and localities.

Mr. Chairman, state legislators do not believe that welfare reform legislation is the appropriate place for the immigration debate. We cannot pit legal immigrants against welfare recipients. This thinking has led to resentment and disturbances in our inner cities.

NCSL also opposes capping AFDC-Emergency Assistance. No state plan for AFDC-EA has ever been denied and many states use these funds for families in crisis from those needing emergency housing to those needing intensive family counseling services. NCSL opposes capping open-ended entitlement programs to fund welfare reform.

Time-limiting SSI/SSDI for substance abusers also shifts costs to the states. States are currently unable to treat targeted groups, especially pregnant women, with appropriated funds for substance abuse treatment. Unfortunately, we do not have the funds to treat all who need services. Returning those on SSI/SSDI to the street will increase those relying on state general assistance, public hospitals and, even worse, the homeless.

We are also extremely concerned about the financial penalties and maintenance of effort in the Clinton proposal. The maintenance of effort requirement that states spend no less that their FY94 or FY93 nonfederal expenditure for JOBS, WORK, and the related child care programs does not allow for flexibility for other related expenditures and is too broadly drawn. States need the flexibility to address other critical needs, especially as the welfare population decreases. States should, at a minimum, be able to expend funds in other related programs. The penalty for not meeting JOBS' participation rates is severe: if less than 45% participate, the state loses 25% of its federal match for AFDC. There are similar penalties for the WORK program. This will hurt recipients as other human services programs will be reduced. The penalty does not take into account state program goals, accessibility to JOBS, state financial conditions or localized unemployment figures. Work participation rates do not take into account the amount necessary to locate or create WORK positions, which we believe will vary from state to state and within states. These penalties will force us to consider the lowest cost, fastest way to move recipients off of public assistance, not the way to move a family to long-term self-sufficiency.

CHILD SUPPORT ENFORCEMENT

State legislators have been at the forefront of innovative efforts to improve paternity establishment, including in-hospital paternity establishment, collect and enforce child support orders, find new penalties for non-custodial parents who refuse to provide support, use mediation and expedited administrative procedures, provide a guaranteed level of child support, and outreach to teen non-custodial parents. **Child support enforcement is a critical component of welfare reform.** Our separate policy on Child Support Enforcement details NCSL's position. **We are concerned, primarily,**

about unfunded mandates and preemption of state law in any new federal child support law. Family law must remain in the state's jurisdiction.

While NCSL believes states should adopt uniform interstate child support enforcement procedures, NCSL opposes federal legislation which would preempt this authority of the states. Similarly, preemption of state authority to determine child support collection. We are also concerned about the cost of new automated systems and other changes in the child support system.. There must be enhanced match rates for these automated systems. We reiterate our concern that as states update their child support legislation that technical assistance is needed to assist the states as they come into compliance with federal goals. State legislators should have the option of extending child support benefits beyond the age of majority for those children in college.

FEDERAL WAIVERS FOR WELFARE REFORM

State legislators are pleased with the Administration's expedited waver review process. **As I have repeated often in our testimony, we believe that options are preferable to waiver authority. For many potential policy initiatives from the 100 hour rule to expanded earnings disregards, we no longer need to test new Ideas. Instead, states should have the option of choosing them as amendments to their state plans. NCSL strongly believes, however, that too often legislators are not consulted about federal waiver requests that require changes in state laws. Where applicable, NCSL strongly believes that waivers should not be granted with the passage of state laws.**

On behalf of the National Conference of State Legislatures, thank you for consideration of my remarks. I would be happy to answer any questions you may have.

Chairman FORD. Thank you.

Ms. James.

STATEMENT OF HON. KAY COLES JAMES, SECRETARY, DEPARTMENT OF HEALTH AND HUMAN RESOURCES, COMMONWEALTH OF VIRGINIA

Ms. JAMES. I would like to request that my full written testimony——

Chairman FORD. Without objection, the full text of your statement will be made a part of the record.

Ms. JAMES. Thank you, Mr. Chairman.

Mr. Chairman, thank you for the opportunity to appear before you today to discuss this very important issue of welfare reform. The need for a complete overhaul of the welfare system is as obvious to us in the States as it is to you at the Federal level.

Despite decades of intensive antipoverty campaigns, we have seen little progress in the fight against poverty, unfortunately. Instead, over the last 30 years, the number of welfare recipients and the rate of illegitimacy and violent crime have, in fact, skyrocketed.

Even worse, in all too many poor communities, the promise of progress has been replaced by the despair of welfare dependency. That is why the people of Virginia commend you and your commitment to developing the best possible reform of the Nation's welfare system.

But we also have an important message for you, and while it may sound trite, it is absolutely true that where you stand very often depends on where you sit, and from where we sit in Virginia, a welfare reform plan that is Federal in nature will be too inflexible and incomplete to meet the real and pressing needs of welfare reform.

Even a quick glance at the unfortunate history of welfare reform proves that Federal efforts to combat dependency have been ineffective at best and counterproductive at worse. The trillions of dollars spent in the name of the war on poverty failed to achieve the objectives of independence and self-sufficiency. Instead, they succeeded only in adding 4 million families to the Nation's welfare rolls. I think that is a dubious measure of success.

Today the President's pledge to end welfare as we know it is accompanied by a proposal that we believe is too modest to change a system that demands major reform.

The fundamental failure of the plan now before you is its use of a "one size fits all" approach to welfare reform. This approach ignores the importance of State and local flexibility. What works in Washington, D.C., does not necessarily work in Washington County, Va.

The only way that we can achieve real welfare reform is to free States and localities to design the approach that best meets their unique welfare problems. The inflexibility that often characterizes large-scale initiatives can gravely undermine innovations at the State and local level.

In Virginia, the Governor's Commission on Citizen Empowerment is well aware of the truth of this statement. In townhall meetings held throughout the Commonwealth, the commission heard a diversity of opinions as varied as are the citizens of Vir-

ginia. Obviously, the diversity of needs and conditions are even greater nationwide.

As a result, welfare reform must give States the freedom and flexibility that are necessary if we are to fulfill our role as the laboratories of progress. Contrary to the arguments put forth by proponents of big government, State and local flexibility doesn't necessarily have a downside.

It is claimed that State welfare reform initiatives would create a patchwork in which welfare recipients would migrate to the States providing the most generous benefits. In reality, of course, this rarely, if ever, happens.

For example, the public assistance currently provided in Mississippi has the lowest cash value in the Nation and yet Mississippi counts approximately 175,000 citizens as welfare recipients. There is one county in Virginia that is located within 175 miles of five other States—Kentucky, North Carolina, Ohio, Tennessee and West Virginia. If the supposed threat of migration were real, we would see welfare recipients moving to and from Virginia, depending upon the value of the assistance they need.

These attempts to derail State-level welfare reform are disturbing, not only because they are cynical, but because they ignore the true tragedy of poverty. Poverty is more than the lack of material things. It is the lack of personal fortitude and in many cases social stability. It is a condition so fundamentally unhappy that reform proposals inspired more by politics than by people are an affront and in actuality an abomination.

The personal despair and community decay that are the products of welfare dependency compel us to set political motives aside and honestly, forthrightly and correctly implement welfare reform.

I see that our time is running short so I would like to move ahead just to make a final appeal that we recognize that flexibility carries with it responsibility. By asking for State flexibility, it does not mean that States should not accept their responsibility to have real and meaningful welfare that does two things.

One, we are looking for proposals. We are looking for ideas that will, in fact, help the people in the Commonwealth of Virginia to be self-sufficient and independent. We are also looking at the spiraling costs and we realize that whatever we do has to be fiscally responsible.

We recognize that when we ask for waivers, that that carries with it a responsibility to come back to the Federal Government to say what we are doing and how it works. The problem is so severe out there that, in fact, what we need to do is to have these laboratories where we can try and hopefully not fail too often, because the people are just too important.

Thank you.

[The prepared statement follows:]

TESTIMONY OF HON. KAY COLES JAMES
SECRETARY OF HEALTH AND HUMAN RESOURCES
COMMONWEALTH OF VIRGINIA

Mr. Chairman, Gentlemen of the Subcommittee, thank you for the opportunity to submit these remarks on welfare reform. The need for a complete overhaul of the welfare system is as obvious to us in the states as it is to you at the federal level. In Virginia, Governor George Allen has said that he is directing every ounce of energy and every available resource to the most pressing needs of the people of Virginia -- needs that can be summarized in two words: safety and empowerment.

Governor Allen has given credence to his pledge to foster empowerment through the creation of the Governor's Commission on Citizen Empowernnent, a commission I have the privilege of chairing. Charged with designing a welfare system that will help people take control of their lives and become self-sufficient, the Empowerment Commission is currently developing an innovative implementation plan for welfare reform.

I am constantly renewed and challenged by the stories the Commission has heard from civic and community leaders as well as from welfare recipients themselves. But perhaps what has been most moving are the pleas that participants have made for the fundamental reform of a system they see as destructive.

Universally, Virginians believe that the current welfare system is not working and must be changed. They want to change the system so that it no longer penalizes a father who marries the mother of his child and provides for his family. They want to change the system so that it no longer discourages savings and isolates welfare recipients away from the world of work. And they want to change the system so that the promise of self-sufficiency will replace the despair of welfare dependency.

Despite decades of intensive anti-poverty campaigns, we have seen little progress in the fight against poverty. Instead, over the last 30 years the number of welfare recipients and the rates of illegitimacy and violent crime have skyrocketed. Even worse, in all too many poor communities, the promise of progress has been replaced by the despair of welfare dependency.

That is why the people of Virginia commend your commitment to developing the best possible reform of the nation's welfare system. But we also have an important message for you. While it may sound trite, it is absolutely true that what you see depends upon where you look. And as we see it in Virginia, a welfare

reform plan that is national in scope will be too inflexible and incomplete to meet the real and pressing needs of welfare reform.

Even a quick glance at the unfortunate history of welfare reform proves that national efforts to combat dependency have been ineffective at best and counterproductive at worst. The trillions spent in the name of the "War on Poverty" failed to achieve the objectives of independence and self-sufficiency. Instead, they succeeded only in adding four million families to the nation's welfare rolls -- a dubious measure of success. And today, the President's pledge to "end welfare as we know it" is accompanied by a proposal that is too modest to change a system that demands major reform.

In order to truly reform welfare, we must do more than seek to remove the many incentives for dependence that comprise our current system. While such a change is both welcome and necessary, it can only bring the Nation half-way to the realization of real and sustainable welfare reform. The second and perhaps most important element of welfare reform is empowerment.

The Nation's welfare system should provide compassionate but *temporary* support to families in financial need. In too many cases it fails to do that, instead breeding conditions of dependency, family disunity, and social breakdown. The goal of welfare reform, therefore, is to convert the current system of welfare into one that makes the principles of personal responsibility, self-improvement, and self-reliance a reality.

To succeed, welfare reform must incorporate several essential elements:

- It must provide poor Americans the means to prevent welfare dependency. Welfare reform must be more than an initiative that benefits caseworkers. To be truly successful, welfare reform must keep even the poorest Virginians from falling into the trap of welfare dependency.
- It must achieve quality by being comprehensive. Pilot projects, by definition, cannot bring empowerment, self-sufficiency, and improved standards of living to all welfare recipients. True welfare reform must be thoroughly designed and widely implemented.
- It must be an efficient use of available resources. One important way to achieve this objective is by use of partnerships of public and private efforts. Even the most intensive public casework management will be

unsuccessful if the private sector -- employers, schools, housing developments, and religious institutions -- does not play an integral role in achieving reform.

- But, above all, welfare reform must recognize what would-be reformers like President Clinton so often ignore: traditional welfare reforms will always fail because they are centered on the wrong institution. The key to welfare reform is not an active government but strong families. And the proper goal of welfare reform is not to employ case managers but to empower individuals to undertake the responsibilities and fulfill the dreams that are uniquely theirs.

Family Issues

In the process of creating huge, monolithic bureaucracies, we have allowed the very institutions of family and community -- institutions which built this Nation and our way of life -- to crumble and deteriorate. That's why we must return to a system that both reflects and is guided by the community realities that comprise life in America.

To do that, we must restore to parents their rightful role. Parents need to be able to save and invest in their futures and the futures of their children. After all, parents know best how to make the right choices for their families; they need to know that government will help them, not hinder them. We need to rediscover the importance of two-parent families and their primary role in transmitting values and directing the upbringing of their children.

All the data suggest that children do best in homes with two parents. Nevertheless, the Clinton plan does too little to strengthen families and even blocks existing successful initiatives. For example:

- There is already a provision in federal regulations that allow states to exercise an optional requirement that minor parents live with their parents. A federal requirement such as that incorporated into the "Work and Responsibility Act" is, therefore, little more than another unnecessary federal mandate on the states.
- The Clinton plan provides additional funding and support for local initiatives to prevent teen pregnancy. However, the nature of these programs is unspecified and may be contrary to state initiatives. Further, the elimination of Title XX funding for abstinence programs

is too great a price to pay for this grant program of unspecified impact.

- Although many of the teen pregnancy prevention provisions of the plan are unspecified, the establishment of additional federal bureaucracies, such as the establishment of a federal interagency group to provide information and the creation of a national clearing house, is specified and has the potential to undermine state initiatives.
- There is insufficient emphasis on the reality that teen pregnancy prevention and personal responsibility programs must emphasize abstinence, the importance of two parent families, and parents' role in guiding their children's development. However, the word "abstinence" does not appear anywhere in the Clinton plan.

States should be free to pursue efforts to bolster the role and responsibility of parents. Virginia initiatives through the Virginia Independence Program emphasize parental responsibility as a means of empowering families to attain self-sufficiency and independence. These initiatives include the provision of opportunities to obtain needed work skills, the revision of rules concerning earned income to allow self-sufficiency, and the establishment of clearly defined responsibilities for both the program participant and the government. In addition, Virginia's Initiatives to Advance Learning (VITAL) project operates in middle schools to reduce school dropouts. AFDC parents receive cash incentives based on progress the towards increasing their involvement in their child's education, improving their children's grades, and improving their children's school attendance. The Commonwealth has also started requiring childhood immunizations to be completed as a condition for AFDC cash assistance.

All too frequently we hear of tragedies resulting from poor working parents leaving their young children alone so that they can work. The federal guarantee for child care is good but must assure that federal increases in funding for child care do not impose an unfunded mandate for states. Child care assistance must ensure state flexibility to allow parental choice through innovations such as vouchers.

Virginia has enacted some of the toughest child support enforcement measures in the country. Among them are mandatory in-hospital paternity establishment, suspension of professional and occupational licenses for persons in arrears in child support payments, and required cooperation with child support

enforcement as a condition of receiving AFDC benefits. We are pleased to see that the President has chosen to include similar types of initiatives in his plan. However, the President's proposal also includes expansions that, without adequate funding, will impose a costly unfunded mandate on the states.

In particular, we are troubled about the requirement for universal administrative modification of AFDC and non-AFDC child support orders. This will place an unprecedented demand on a system that is already struggling to serve families unless supported by adequate funding.

Federal Inflexibility

Another fundamental failure of the plan now before you is its use of a one-size-fits-all approach to welfare reform. This approach ignores the importance of state and local flexibility. What works in Washington, D.C., does not necessarily work in Washington County, Virginia. The only way that we can achieve real welfare reform is to free states and localities to design the approach that best meets their unique welfare problems.

The inflexibility that often characterizes large-scale initiatives can gravely undermine innovations at the state and local level. For example, last year the Clinton Administration denied Virginia a waiver to implement a novel food stamp cash-out program. It is not hard to imagine that the Administration will scrub the Commonwealth's own workfare plan -- which requires work within one year of receiving welfare benefits -- in favor of its more expensive and far less ambitious alternative.

In Virginia, the Governor's Commission on Citizen Empowerment is well aware of the importance of flexibility. In Town Hall meetings held throughout the Commonwealth, the Commission heard a diversity of opinions as varied as are the citizens of Virginia. Obviously, the diversity of needs and conditions are even greater nationwide. As a result, welfare reform must give states the freedom and flexibility that are necessary if we are to fulfill our role as the laboratories of progress.

Contrary to the arguments put forth by proponents of big government, state and local flexibility does not have a downside. It is claimed that state welfare reform initiatives would create a patchwork in which welfare recipients would

migrate to the states providing the most generous benefits. In reality, of course, this rarely -- if ever -- happens. For example, the public assistance currently provided in Mississippi has the lowest cash value in the nation. And yet, Mississippi counts approximately 175,000 citizens as welfare recipients [HHS data]. In Virginia, Abingdon is located within 175 miles of five other states -- Kentucky, North Carolina, Ohio, Tennessee, and West Virginia. If the supposed threat of migration were real, we would see welfare recipients moving to and from Virginia depending upon the value of the assistance needed.

These attempts to derail state-level welfare reform are disturbing not only because they are cynical but because they ignore the true tragedy of poverty. Poverty is more than the lack of material things; it is the lack of personal fortitude and social stability. It is a condition so fundamentally unhappy that reform proposals inspired more by politics than people are an affront and an abomination. The personal despair and community decay that are the products of welfare dependency compel us to set political motives aside and honestly, forthrightly, and correctly implement real welfare reform.

We must replace the hand-out with a helping hand that replaces dependence with independence, promotes families instead of illegitimacy, and rebuilds communities over the failed "nanny state." It is the firm conviction of the Governor and citizens of Virginia that to truly end welfare as we know it, we have to end businesses, education, and government as we know them. We have to build coalitions throughout our communities that will once again honor the most fundamental pledge a community makes to itself: that it will respect, assist, and protect each member as if they were family. For if we can restore to our communities the goals and dreams that we once shared, they will again enjoy the support and security that can only come from family.

This approach may sound unrealistically ambitious, but it is based upon the principle that virtually assures us of success: when empowered with a sense of ownership in their own lives, people will accomplish what was once untenable, envision what was once unimaginable, and grasp what was once unreachable. This is not a new prescription for success. Rather, it is merely a translation of the American Tradition, an experience that for almost 220 years has granted our countrymen every privilege and benefit that they earned.

This is one of the most important goals that we have set for ourselves in

Virginia. And we will soon implement an array of innovative welfare reform initiatives that will enable us to achieve it.

If I can ask one thing of you in your deliberations, it is that you please give states the freedom, flexibility and time to implement the reform measures that are "custom made" for the people we serve. To do this, it is essential that you grant us the waivers that make flexible innovation possible. States' ability to design programs and receive waiver authority must be encouraged and promoted. Like many states, Virginia has often been frustrated in its efforts to reform the welfare system by federal waiver denials.

A reasonable approach to improve the waiver process would be to repeal the rigorous evaluation requirement for a state to receive waiver authority, limit the types of initiatives that must go through the exhausting waiver process, and allow states to amend their Aid to Families with Dependent Children or IV-A plans to reflect the policies supported by their elected officials and their constituencies.

This process would give us the time that is needed to make absolutely certain that welfare is reformed, not retained. If granted the freedom to innovate, states will conduct the experiments, gather the data, and submit our analyses for your review.

Working together, we can do better than a plan that empowers bureaucrats instead of recipients, favors regulation over simplification, and limits the promise of self-sufficiency to only a small segment of the target population. Working together, we can craft a truly national welfare reform plan – not a federal one. After all, what is needed is a national strategy that incorporates state innovations, not a federal plan that emphasizes bureaucratic control. A truly national strategy will be broader in scope, grander in vision, and more promising in its outcome than the plan before you today. And it will transform the dependency that currently marks our system of welfare into the independence upon which this Nation is based.

Chairman FORD. Mr. Pappas.

STATEMENT OF MICHAEL PAPPAS, CHAIR, HUMAN SERVICES AND EDUCATION STEERING COMMITTEE, AND COCHAIR, WELFARE REFORM TASK FORCE, NATIONAL ASSOCIATION OF COUNTIES, AND BOARD OF FREEHOLDERS, SOMERSET COUNTY, N.J.

Mr. PAPPAS. Thank you, Mr. Chairman.

I am on the Board of Freeholders in Somerset County, N.J. In case you are wondering, a freeholder is similar to a county commissioner. We are the only State in the Union that has that designation.

Besides my association with NACo as chair of the human services and education steering committee, over the past year I have served as cochair of the Welfare Reform Task Force. All of my colleagues at NACo sincerely appreciate this opportunity to present our views.

Before I comment on the President's welfare reform proposal, I would like to briefly describe the county role in welfare, which varies among the States. In 18 States, counties contribute to the administrative costs of AFDC. In 11 States, including my own of New Jersey, counties also help match the non-Federal share of benefits.

In 23 States, counties participate in a general assistance program, and in 12 of these, the program operates solely on county taxpayer dollars. Child welfare, child support, child care and other support services are often provided by counties.

NACo endorses many of the principles in the President's welfare reform legislation. We strongly support the administration's proposals to increase the Federal matching rate with the job opportunities and basic skills program, the at-risk child care program, and child support enforcement.

Welfare reform should strengthen families. The administration's proposal helps achieve this goal by offering States the option to eliminate AFDC eligibility requirements that penalize married couples.

NACo is strongly opposed, however, to many of the financing provisions in the administration's bill and other legislative proposals pending before this subcommittee. The most troublesome provisions are those that would limit immigrants' current eligibility for some Federal entitlement programs and the proposed cap on emergency assistance. These provisions would shift costs from the Federal Government to county and State governments.

If this takes place, I think we would see yet another unfunded mandate. In the case of immigration, these reductions would particularly affect those States with large immigrant populations: Arizona, California, Florida, Illinois, New York, Texas and New Jersey.

In many of these States, county governments have the primary responsibility for general assistance.

So far, I have only referred to the administration's immigration proposals. I would like to stress that there are other proposals that would cut benefits to legal immigrants even further and would shift more costs to county and State governments.

NACo has a longstanding policy opposing caps on entitlement programs. In the interest of time, however, I will only refer to the proposed cap on emergency assistance.

Counties and States use emergency assistance program funds for a variety of purposes. In my county, we use this program to prevent homelessness by helping pay overdue rent and utility bills and to help homeless families find permanent housing by paying rent and utility deposits.

A cap on a program such as this would restrict local governments' ability to respond in times of crisis and would hurt the very people the program seeks to help.

NACo policy supports the concept of time-limited assistance followed by work. The policy further states that any welfare reform that includes time-limited eligibility for assistance in transitional support services must also provide adequate Federal funding for the necessary job training, job placement, health care coverage, child care, transportation and administration.

The ability of county and State governments to move participants into unsubsidized jobs is dependent on the availability of jobs in the area. In order for time limits to work, welfare reform must include an aggressive Federal strategy to create jobs that promote durable self-sufficiency and to see jobs created, especially in the private sector.

Counties and States need the flexibility to design and implement programs that meet the needs of their populations and to respond to local labor market characteristics.

Many counties that do not have the responsibility for welfare programs have expressed concern about the work program, particularly new responsibilities that may be required of them. These include supervision, Workman's Comp., job placement and job creation. Federal funds for administration should be a necessary component for the new work program.

On a personal note, in conclusion, having served as my county's chairman of our welfare board since 1986, I would like to comment on the exclusion of benefits for children born to mothers on welfare. NACo does not have a position on this issue, but I would like to express my strong opposition to family caps.

As you know, New Jersey obtained a waiver a few years ago to implement family caps. My county opposed the family caps because of the possible adverse effect they could have on children's well-being. Children could suffer in the effort by our government to teach responsibility to parents. We remain opposed to the caps and also have serious doubts about their constitutionality.

In conclusion, I just want to thank you for providing the National Association of Counties to comment and we look forward to a continued dialog with both this committee and the administration as we have been fortunate to have the last couple of years.

Thank you.

[The prepared statement and attachments follow:]

TESTIMONY OF MICHAEL PAPPAS
NATIONAL ASSOCIATION OF COUNTIES

MISTER CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM MICHAEL PAPPAS, FREEHOLDER IN SOMERSET COUNTY, NEW JERSEY. I CHAIR THE NATIONAL ASSOCIATION OF COUNTIES' (NACO) HUMAN SERVICES AND EDUCATION STEERING COMMITTEE. OVER THE LAST YEAR I ALSO CO-CHAIRED NACO'S WELFARE REFORM TASK FORCE. I APPRECIATE THIS OPPORTUNITY TO PRESENT OUR VIEWS ON FEDERAL WELFARE REFORM.

LIKE THE OTHER GROUPS REPRESENTED AT THIS TABLE NACO HAS SUPPORTED REFORMING THE WELFARE SYSTEM FOR DECADES. NACO DRAFTED PROPOSALS IN 1976, 1977, 1981, AND 1987. WE WERE ACTIVE IN THE DEBATE ON THE 1988 FAMILY SUPPORT ACT, WHICH MARKED A SIGNIFICANT STEP IN REFORM AND IS THE CORNERSTONE FOR MOST OF THE PROPOSALS THAT HAVE BEEN INTRODUCED IN THIS CONGRESS. LAST YEAR WE PARTICIPATED IN THE STATE AND LOCAL TASK FORCE ON WELFARE REFORM, WHICH INCLUDED OUR COLLEAGUES AT THIS TABLE, AS WELL AS THE NATIONAL LEAGUE OF CITIES AND THE UNITED STATES CONFERENCE OF MAYORS. I AM INCLUDING A COPY OF NACO'S RESOLUTION ON FEDERAL WELFARE REFORM, ADOPTED AT OUR ANNUAL CONFERENCE LAST WEEK.

BEFORE I COMMENT ON THE PRESIDENT'S WELFARE REFORM PROPOSAL, I WOULD LIKE TO BRIEFLY DESCRIBE THE COUNTY ROLE IN WELFARE, WHICH VARIES AMONG STATES. IN EIGHTEEN STATES, COUNTIES CONTRIBUTE TO THE ADMINISTRATIVE COSTS OF THE AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC). IN ELEVEN STATES, INCLUDING MY STATE OF NEW JERSEY, COUNTIES ALSO HELP MATCH THE NON-FEDERAL SHARE OF BENEFITS. IN TWENTY-THREE STATES, COUNTIES PARTICIPATE IN A GENERAL ASSISTANCE PROGRAM, AND IN TWELVE OF THESE THE PROGRAM OPERATES SOLELY ON COUNTY TAXPAYER DOLLARS. CHILD WELFARE, CHILD SUPPORT, CHILD CARE, AND OTHER SUPPORT SERVICES ARE OFTEN PROVIDED BY COUNTIES.

NACO ENDORSES MANY OF THE PRINCIPLES IN THE PRESIDENT'S WELFARE REFORM LEGISLATION. THESE INCLUDE:

- MAKING WORK PAY, WITH INCENTIVES THAT ENCOURAGE FAMILIES TO WORK AND NOT STAY ON WELFARE;
- IMPROVED CHILD SUPPORT ENFORCEMENT, WITH RESPONSIBILITY OF BOTH PARENTS TO SUPPORT THEIR CHILDREN AND STRONGER SYSTEMS FOR IDENTIFYING FATHERS AND ENSURING THEIR SUPPORT;
- EDUCATION, TRAINING, AND OTHER SERVICES TO HELP PEOPLE GET OFF WELFARE AND STAY OFF, BUILDING ON THE FAMILY SUPPORT ACT OF 1988 AS A BASE; AND
- TIME-LIMITED TRANSITIONAL SUPPORT SYSTEM, IN WHICH THOSE WHO ARE HEALTHY AND ABLE TO WORK WILL BE EXPECTED TO MOVE OFF WELFARE QUICKLY, AND THOSE WHO CANNOT FIND JOBS SHOULD BE PROVIDED WITH WORK AND BE EXPECTED TO SUPPORT THEIR FAMILIES.

WE STRONGLY SUPPORT THE ADMINISTRATION'S PROPOSALS TO INCREASE THE FEDERAL MATCHING RATE FOR THE JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) PROGRAM, THE AT-RISK CHILD CARE PROGRAM, AND CHILD SUPPORT ENFORCEMENT. A NUMBER OF THE PROPOSED CHANGES TO THE JOBS PROGRAM WILL PROVIDE GREATER EDUCATION AND TRAINING OPPORTUNITIES, SUCH AS PARTICIPATION IN A STRUCTURED MICROENTERPRISE PROGRAM, AND PARTICIPATION IN HALF-TIME DEGREE-GRANTING POST-SECONDARY INSTITUTIONS.

WELFARE REFORM SHOULD STRENGTHEN FAMILIES. THE ADMINISTRATION'S PROPOSAL HELPS ACHIEVE THIS GOAL BY OFFERING STATES THE OPTION TO ELIMINATE AFDC ELIGIBILITY REQUIREMENTS THAT PENALIZE MARRIED COUPLES.

NACO IS STRONGLY OPPOSED, HOWEVER, TO MANY OF THE FINANCING PROVISIONS IN THE ADMINISTRATION'S BILL AND IN OTHER LEGISLATIVE PROPOSALS PENDING BEFORE THIS SUBCOMMITTEE. THE MOST TROUBLESOME PROVISIONS ARE THOSE THAT WOULD LIMIT IMMIGRANTS' CURRENT ELIGIBILITY FOR SOME FEDERAL ENTITLEMENT PROGRAMS, SUCH AS SUPPLEMENTAL SECURITY INCOME, FOOD STAMPS, AND AFDC, AND THE PROPOSED CAP ON EMERGENCY ASSISTANCE. THESE PROVISIONS WOULD SHIFT COSTS FROM THE FEDERAL GOVERNMENT TO COUNTY AND STATE GOVERNMENTS.

IN THE CASE OF IMMIGRATION, THESE REDUCTIONS WOULD PARTICULARLY AFFECT THOSE STATES WITH LARGE IMMIGRANT POPULATIONS: ARIZONA, CALIFORNIA, FLORIDA, ILLINOIS, NEW YORK, TEXAS, AND MY OWN STATE OF NEW JERSEY. IN MANY OF THESE STATES, COUNTY GOVERNMENTS HAVE THE PRIMARY RESPONSIBILITY FOR GENERAL ASSISTANCE. ESTABLISHING AND ENFORCING IMMIGRATION POLICY IS A FEDERAL RESPONSIBILITY, THE FEDERAL GOVERNMENT SHOULD THEREFORE ALSO HAVE THE FINANCIAL RESPONSIBILITY FOR THIS POPULATION.

SO FAR I HAVE ONLY REFERRED TO THE ADMINISTRATION'S IMMIGRATION PROPOSALS. I WOULD LIKE TO STRESS THAT THERE ARE OTHER PROPOSALS, PARTICULARLY REPRESENTATIVE MICHEL'S BILL (H.R. 3500) AND REPRESENTATIVE MCCURDY'S BILL (H.R. 4414), THAT WOULD CUT BENEFITS TO LEGAL IMMIGRANTS EVEN FURTHER AND WOULD SHIFT MORE COSTS TO COUNTY AND STATE GOVERNMENTS.

NACO HAS LONG STANDING POLICY OPPOSING CAPS ON ENTITLEMENT PROGRAMS. IN THE INTEREST OF TIME, HOWEVER, I WILL ONLY REFER TO THE PROPOSED CAP ON EMERGENCY ASSISTANCE. COUNTIES AND STATES USE EMERGENCY ASSISTANCE PROGRAM FUNDS FOR A VARIETY OF PURPOSES. IN SOMERSET COUNTY WE USE THIS PROGRAM TO PREVENT HOMELESSNESS BY HELPING PAY OVERDUE RENT AND UTILITY BILLS. WE ALSO USE IT TO HELP HOMELESS FAMILIES FIND PERMANENT HOUSING BY PAYING RENT AND UTILITY DEPOSITS.

IN MANY INSTANCES THE USE OF EMERGENCY ASSISTANCE HELPS PREVENT THE USE OF MORE COSTLY FEDERAL PROGRAMS. IN CALIFORNIA, WHICH IS JUST STARTING TO USE THIS PROGRAM, COUNTIES ARE USING EMERGENCY ASSISTANCE TO HELP CHILDREN IN CRISIS BEFORE THE PROBLEM ESCALATES TO A SITUATION THAT REQUIRES MORE DRASTIC AND EXPENSIVE MEASURES SUCH AS INCARCERATION OR GROUP HOME PLACEMENTS. A CAP ON A PROGRAM SUCH AS THIS WOULD RESTRICT LOCAL GOVERNMENTS' ABILITY TO RESPOND IN TIMES OF CRISIS AND WOULD HURT THE VERY PEOPLE THE PROGRAM SEEKS TO HELP.

NACO POLICY SUPPORTS THE CONCEPT OF TIME-LIMITED ASSISTANCE FOLLOWED BY WORK. OUR POLICY FURTHER STATES THAT ANY WELFARE REFORM THAT INCLUDES TIME-LIMITED ELIGIBILITY FOR ASSISTANCE AND TRANSITIONAL SUPPORT SERVICES, MUST ALSO PROVIDE ADEQUATE FEDERAL FUNDING FOR THE NECESSARY JOB TRAINING, JOB PLACEMENT, CONTINUED SUBSISTENCE GRANTS, HEALTH CARE COVERAGE, CHILD CARE, TRANSPORTATION, AND ADMINISTRATION.

THE ABILITY OF COUNTY AND STATE GOVERNMENTS TO MOVE PARTICIPANTS INTO UNSUBSIDIZED JOBS IS DEPENDENT ON THE AVAILABILITY OF JOBS IN THE AREA. IN ORDER FOR TIME LIMITS TO WORK, WELFARE REFORM MUST INCLUDE AN AGGRESSIVE FEDERAL STRATEGY TO CREATE JOBS THAT PROMOTE DURABLE SELF-SUFFICIENCY.

COUNTIES AND STATES WILL HAVE TO MAKE SIGNIFICANT CHANGES IN THE WAY PROGRAMS ARE OPERATED, CHANGES THAT REQUIRE STAFF TRAINING AND ACQUISITION OF NEW EQUIPMENT WHICH COULD ADVERSELY AFFECT THE DELIVERY OF THESE SERVICES OR CAUSE AN INCREASE IN THE STATE AND/OR LOCAL FISCAL RESPONSIBILITY. COUNTIES AND STATES NEED THE FLEXIBILITY TO DESIGN AND IMPLEMENT PROGRAMS THAT MEET THE NEEDS OF THEIR POPULATION AND RESPOND TO LOCAL LABOR MARKET CHARACTERISTICS.

MANY COUNTIES THAT DO NOT HAVE RESPONSIBILITY FOR WELFARE PROGRAMS HAVE EXPRESSED CONCERN ABOUT THE "WORK" PROGRAM, PARTICULARLY NEW RESPONSIBILITIES THAT MAY BE REQUIRED OF THEM. THESE INCLUDE SUPERVISION, WORKMEN'S COMPENSATION, JOB PLACEMENT AND JOB CREATION. FEDERAL FUNDS FOR ADMINISTRATION SHOULD BE AN IMPORTANT COMPONENT OF THE NEW "WORK" PROGRAM.

MANY STATE AND LOCAL GOVERNMENTS ARE DOWNSIZING THEIR OPERATIONS. IN MANY AREAS THERE ARE LARGE NUMBERS OF POSITIONS THAT HAVE BEEN UNFILLED FOR MONTHS AND EVEN YEARS. WE ARE SENSITIVE TO THE NEED TO PREVENT DISPLACING OTHER WORKERS, BUT MANY AREAS OF THE COUNTRY WOULD NOT BE ABLE TO MEET THE REQUIREMENTS OF THE NEW LEGISLATION UNLESS THEY ARE ALLOWED TO TAKE ADVANTAGE OF THE LARGE NUMBER OF EXISTING UNFILLED POSITIONS.

WE CANNOT STRESS ENOUGH THE NEED FOR HEALTH CARE COVERAGE. IF THE JOBS AVAILABLE TO THE POPULATION WE ARE TRYING TO HELP DO NOT PROVIDE HEALTH INSURANCE, THEY WILL BE AT RISK OF FALLING BACK INTO THE SYSTEM.

CHILD CARE AVAILABILITY FOR THE WORKING POOR ALSO FALLS INTO THIS CATEGORY. FOR THIS REASON, WE STRONGLY SUPPORT THE PROPOSED INCREASE IN THE AT-RISK CHILD CARE PROGRAM. NACO HAS LONG-STANDING POLICY THAT SUPPORTS MAKING THE DEPENDENT CARE TAX CREDIT REFUNDABLE.

NACO IS VERY PLEASED THAT THE ADMINISTRATION'S BILL INCLUDES SEVERAL WELFARE SIMPLIFICATION PROPOSALS. WE WOULD GO FURTHER, HOWEVER, AND URGE THE ENACTMENT AND IMPLEMENTATION OF THE PROGRAM SIMPLIFICATION RECOMMENDATIONS OF THE WELFARE SIMPLIFICATION AND COORDINATION ADVISORY COMMITTEE AND THE AMERICAN PUBLIC WELFARE ASSOCIATION'S PROGRAM COORDINATION TASK FORCE.

ON A PERSONAL NOTE, I WOULD LIKE TO DISCUSS THE EXCLUSION OF CHILDREN BORN TO MOTHERS ON WELFARE. NACO DOES NOT HAVE A POSITION ON THIS ISSUE, BUT I WOULD LIKE TO EXPRESS MY STRONG OPPOSITION TO FAMILY CAPS. AS YOU KNOW, NEW JERSEY OBTAINED A WAIVER A FEW YEARS AGO TO IMPLEMENT FAMILY CAPS. MY COUNTY OPPOSED THE FAMILY CAPS BECAUSE OF THE EFFECT THAT THEY COULD HAVE ON CHILDREN'S WELL-BEING. WE REMAIN OPPOSED TO THE CAPS AND ALSO HAVE SERIOUS DOUBTS ABOUT THEIR CONSTITUTIONALITY.

IN CONCLUSION, I WANT TO THANK YOU AGAIN FOR THIS OPPORTUNITY. AS CO-CHAIR OF NACO'S WELFARE REFORM TASK FORCE I WAS ABLE TO PARTICIPATE IN SEVERAL MEETINGS WITH THE ADMINISTRATION, IN WHAT I THINK WAS AN UNPRECEDENTED EFFORT TO INVOLVE AND CONSULT WITH STATE AND LOCAL ORGANIZATIONS. I LOOK FORWARD TO WORKING WITH THIS SUBCOMMITTEE IN THE SAME SPIRIT OF COOPERATION AND BIPARTISANSHIP AS MUCH NEEDED WELFARE LEGISLATION MOVES FORWARD.

HUMAN SERVICES AND EDUCATION STEERING COMMITTEE

RESOLUTION ON FEDERAL WELFARE REFORM

WHEREAS, President Clinton has submitted legislation to Congress for major restructuring of the welfare system that includes principles long supported by National Association of Counties in The American County Platform; and

WHEREAS, the legislation's principles include:

- Making Work Pay, with incentives that encourage families to work and not stay on welfare, and that help is available to ensure that they can work and adequately support a family;
- Improved Child Support Enforcement, with responsibility of both parents to support their children and stronger systems for identifying fathers and ensuring their support;
- Education, Training, and other Services to help people get off welfare and stay off, building on the Family Support Act of 1988 as a base;
- Time-limited Transitional Support System, in which those who are healthy and able to work will be expected to move off welfare quickly, and those who cannot find jobs should be provided with work and expected to support their families; and

WHEREAS, the Administration had extensive consultation process with the National Association of Counties and other national organizations; and

WHEREAS, many of the proposals pending before Congress would finance welfare reform through reductions or caps in entitlement programs and would reduce or eliminate immigrants' eligibility for a number of federal programs and these financing mechanisms would shift costs to county and state governments; and

WHEREAS, counties and states will have to make significant changes in the way programs are operated, changes that require staff training and acquisition of new equipment which could adversely affect the delivery of these services or cause an increase in the state and/or local fiscal responsibility; and

WHEREAS, in order for welfare reform to succeed, every effort must be made to ensure that employment is available to those making the transition to work:

THEREFORE, BE IT RESOLVED that the National Association of Counties commends the Clinton Administration for making comprehensive welfare reform a legislative priority, to end the current, unworkable system of public assistance programs, and for their extensive consultation process; and

BE IT FURTHER RESOLVED that any welfare reform that includes time-limited eligibility for assistance and transitional support services, must also provide adequate federal funding for the necessary job training, job placement, continued subsistence grants, health care coverage, child care, transportation, and administration, and

BE IT FURTHER RESOLVED that welfare reform must include an aggressive federal strategy to create jobs that promote durable self-sufficiency; and

BE IT FURTHER RESOLVED that the entitlement nature of public assistance and social services programs should be preserved in restructuring welfare, both for payments to states, and for individual benefits; and

BE IT FURTHER RESOLVED that the National Association of Counties reaffirms its strong opposition to proposals that would shift costs to county governments, such as entitlement program caps and reductions, and eliminating or reducing immigrants' eligibility for federal programs; and

BE IT FURTHER RESOLVED that counties and states must have the flexibility and adequate time to design and implement a program that will meet the needs of the local population and the local employment market; and

BE IT FURTHER RESOLVED that the National Association of Counties urges the Congress and the Administration to enact and implement the program simplification recommendations of the Welfare Simplification and Coordination Advisory Committee and the American Public Welfare Association's Program Coordination Task Force; and

BE IT FURTHER RESOLVED that the National Association of Counties strongly supports waiving the state matching requirement for the Job Opportunities and Basic Skills program, and substantially increasing the federal match for the At-Risk Child Care program, and Child Support Enforcement; and

BE IT FURTHER RESOLVED that federal welfare reform should incorporate electronic technology improvements, especially electronic benefit transfers, in revising and restructuring public assistance benefit programs; and

BE IT FURTHER RESOLVED that in order to encourage experimentation and improvements in the welfare system, as an interim step, the federal government should remove the "cost neutral" criterion for waivers and demonstration programs and simplify the procedures for approving state and county applications for such waivers; and

BE IT FURTHER RESOLVED that in order to encourage the success of welfare reform the National Association of Counties supports the inclusion of the job training delivery system as the workforce development vehicle for major coordination among the partners, including human services, education, and local elected officials; and

BE IT FURTHER RESOLVED that the National Association of Counties supports the Administration proposed elimination of the current JOBS targeting requirement, but is concerned about the proposed penalties for failure to meet new performance standards. New standards must be phased-in and counties must be involved in their development.

Adopted by Human Services and Education Steering Committee
(unanimous)
August 1, 1994

Adopted by the NACo Board of Directors
August 2, 1994

Adopted by the NACo Membership
August 4, 1994

Chairman FORD. Thank you.
Mr. Concannon.

STATEMENT OF KEVIN CONCANNON, DIRECTOR, OREGON DEPARTMENT OF HUMAN RESOURCES, ON BEHALF OF THE AMERICAN PUBLIC WELFARE ASSOCIATION

Mr. CONCANNON. Thank you, Chairman Ford.

Mr. Chairman and members of the subcommittee, I am Kevin Concannon, the director of the Oregon Department of Human Resources testifying on behalf of the American Public Welfare Association.

APWA is a 64-year-old, not-for-profit bipartisan organization representing all of the State Human Service Departments as well as local public welfare agencies and individual members across the country.

In my testimony, I will provide comments on President Clinton's welfare reform proposal, the Work and Responsibility Act of 1994, and discuss APWA's proposals for child support reform, JOBS, and the work and time-limit provisions.

Overall, we view the President's proposal as being consistent with APWA's proposals for welfare reform which we released in January of this year. We are especially pleased with the following elements of the proposal.

It builds on the JOBS program and the Family Support Act of 1988 referenced here today. Funding for the JOBS program has increased and the State match is lowered, we think, also very significant. The mandatory work requirement embraces the important values of mutual responsibility and work.

Additional funding is provided and improvements are made in child care for AFDC families and for at-risk child care, and the nearly two dozen changes in AFDC and food stamps will lead to greater conformity in program policies.

While we are pleased with many aspects of the President's proposal, we are concerned with a number of provisions relating to JOBS and the mandatory work requirements contained within the bill. For example, all but $2.1 billion in new funding under the administration's plan will be offset through reductions in the entitlement spending. Most of these reductions will result in a cost shift to the States. You heard that from the Governor, from the National Conference of State Legislatures today and from the counties on this issue.

We are strongly opposed to cost shifts. We are particularly concerned about the administration's proposed cap on emergency assistance and proposals to limit Federal assistance to legal immigrants. And we understand there are even harsher proposals elsewhere in the Congress.

We oppose any penalties that result in the loss of title IV–A funds, especially the administration's proposal to reduce Federal funding for AFDC by 25 percent if the States fail to meet certain requirements. Instead, APWA proposes retaining the current JOBS penalty structure of loss of enhanced job funding.

APWA strongly supports allowing the States flexibility to design work programs. We do not oppose the President's new work program, but States should be allowed to also implement wage

supplementation and alternative work programs approved by the HHS Secretary or CWEP.

If I may note, in the Chairman's questioning today, APWA, in its proposal had supported new job creation strategies as inherently important to our overall strategies around welfare. We believe also that we should be realistic in our expectations of States to meet high participation rates. APWA calls for making a definition in the calculation of participation as flexible and realistic as possible.

In terms of funding, while States are eligible for enhanced Federal match for JOBS and work, it is phased in over a 5-year period. We recommend that the enhanced match rate be available upon the startup of the program without statewide requirement and with a maintenance of effort based on fiscal year 1992 expenditures for JOBS.

Finally, we are concerned about the State's ability to implement the requirements of the Work and Responsibility Act within the prescribed timeframes and available resources. We believe strongly that States should have a minimum of 2 years to implement the new program.

Further, we are pleased that the administration has provided resources for automation system development, but we are concerned about the proposed cap on Federal funding for these purposes.

Now, if I may comment on child support reform. Mr. Chairman, today my comments on child support apply not only to the Work and Responsibility Act but to other proposals pending before Congress. I do, however, suggest changes in the President's proposal.

APWA expresses great concern with any proposal that would provide for universal child support by requiring State and local human service agencies to serve entire child support populations. We support the existing policy which requires States to serve nonwelfare populations at the request of either parent, in effect continuing the opt-in policy currently in place.

The President's bill proposes significant changes in the way State child support programs are funded by moving toward a system based on incentives tied to performance. We strongly support this shift, including the 75-percent Federal fund participation, as long as adequate incentive funding is available.

We also support proposals to establish a national child support clearinghouse and a national computer network. We call on Congress to extend enhanced funding for the development and operation of automated systems and State registries and changing the October 1995 deadline for State implementation of child support systems.

Finally, may I say, Mr. Chairman, overall we support President Clinton's bill for strengthening paternity establishment measures. We also commend the Clinton administration for providing many of the necessary enforcement tools in its child support reform proposal, including passing the Uniform Interstate Family Support Act.

We oppose efforts underway in the House and Senate to move forward with child support reform separate from welfare reform. I think that was Congressman Grandy's question to one of the testifiers earlier today. We would have grave concerns about that.

In closing, Mr. Chairman, I want to emphasize that APWA fully supports enactment of comprehensive welfare reform legislation. The issues are complex and require thoughtful and serious consideration by Congress.

We look forward to working with you and we, too, appreciate the outreach and ongoing work we have been privileged to be part of with the administration.

Thank you, Mr. Chairman.

[The prepared statement follows:]

TESTIMONY OF KEVIN CONCANNON
AMERICAN PUBLIC WELFARE ASSOCIATION

Mr. Chairman and members of the subcommittee, thank you for the opportunity to testify today. I am Kevin Concannon, director of the Oregon Department of Human Resources. I am testifying today on behalf of the American Public Welfare Association (APWA) where I serve as president of the APWA Board of Directors and member of the association's Task Force on Self-Sufficiency. APWA is a 64-year old nonprofit, bipartisan organization representing all of the state human service departments as well as local public welfare agencies, and individual members.

In my written testimony today I discuss APWA's recommendations for welfare reform and compare and contrast our recommendations with those of President Clinton's welfare reform proposal, the Work and Responsibility Act of 1994.

APWA Task Force on Self-Sufficiency

On January 11, 1994, APWA released a series of recommendations that state and local human service administrators see as the critical next steps in restructuring the welfare system. The recommendations represent a bipartisan consensus of opinion among a broadly diverse group representing the variety of state views on welfare policy. The APWA recommendations, Mr. Chairman, were the first bipartisan recommendations for welfare reform in the current welfare debate.

Since we provided detailed testimony on our proposal before this subcommittee in March, I will only highlight some of the key recommendations for you today.

Agreement of Mutual Responsibility

Our proposal is based on the premise that welfare should reflect mutual responsibilities on the part of the parent and welfare agency. When applying for AFDC the parent must sign an "Agreement of Mutual Responsibility." If the parent refuses to sign the agreement, the application process stops. The parent would not be eligible for financial assistance.

In signing the agreement both parties enter into a social contract. The welfare agency agrees to provide financial assistance and the individual agrees to participate in: (1) an assessment of his/her education and literacy needs, work experience, strengths and interests, and personal circumstances; and (2) the development of an employability plan outlining goals for employment, the responsibilities of the parent and the agency in meeting these goals, and the specific steps to be undertaken.

Basic Elements of the Program

We propose a three-phase program, building on the current Job Opportunities and Basic Skills (JOBS) Training program in which, within 90 days of eligibility determination, all AFDC recipients will be required to participate in mandatory job search in combination with:

- A JOBS preparation phase; or
- Up to a limit of two years in a JOBS career-focused education and training phase; and/or
- A JOBS mandatory work phase in which AFDC parents would be required to work in an unsubsidized private or public sector job, with community work experience available as a last resort for those who complete JOBS and are unable to locate unsubsidized work.

There are <u>no exemptions</u> from participation in JOBS under our proposal.

<u>JOBS Preparation</u>: Individuals who enter the JOBS preparation phase would include those the welfare agency believes have limited skills or whose personal circumstances

present barriers to employment such that they need more than two years of education and training. They could include individuals temporarily incapacitated due to a physical or mental illness or because of a substance abuse problem; those caring for an incapacitated adult or child in the household; individuals with very low literacy levels and no recent work history; young parents still in school, or mothers of very young children. These individuals, nevertheless, would participate in an activity as a condition of eligibility, such as training in parenting skills, regularly receiving necessary health or behavioral health care, and making progress on or completing their GED or high school diploma as identified in their employability plan.

Career-Focused Education and Training: Individuals who enter the JOBS career-focused education and training phase are those the state believes will be employable after up to two years of education and training or those, while they might be considered for JOBS preparation, who volunteer to participate in education and training. States would operate the program as they do today--offering a full range of services and activities to promote job readiness and employment. Everyone will participate in job search. They will be expected to begin the process of looking for and going to work from the very beginning. Our goal is to ensure that individuals obtain employment before the two-year deadline.

Mandatory Work Requirement: After up to two years in education and training participants will be required to work. Our highest priority is that these individuals work in unsubsidized employment in the private or public sectors. Individuals working at least 20 hours per week are considered meeting the mandatory work requirement under our proposal. Those working at least 20 hours per week and still receiving AFDC will continue to receive child care, support services, and other employment and training assistance necessary to enable them to stay employed. If a parent cannot find work and agency resources are not available to support a parent's satisfactory participation in a work activity, including Community Work Experience (CWEP), the mandatory work requirement will not be imposed.

Penalties

I want to underscore that sufficient federal and state resources must be provided to ensure that those participating in JOBS can meet the requirements for satisfactory participation, and that is why we are calling for 90/10 funding. If resources are available and AFDC parents fail to participate in the development of their employability plan or to comply with the plan as required, we propose a penalty reducing the family's combined AFDC and food stamp benefit by 25 percent. We believe such a penalty is realistic and necessary for any parent who fails to take his or her responsibility seriously.

Other Policy Priority Areas for APWA

The report also addresses issues of prevention and cross-system collaboration. It takes the challenge of reform beyond the welfare system. The centerpiece of our proposal is work, but the goal of true reform cannot be fully achieved if we do not "make work pay."

We must improve the establishment of paternity and the enforcement and collection of child support with particular attention focused on improving interstate enforcement of child support. Currently, the easiest way to avoid child support is merely to move to another state. We call specifically for states to provide uniform rules for jurisdiction of orders through the Uniform Interstate Family Support Act (UIFSA), a model law developed by the National Conference of Commissioners on Uniform State Laws.

Mr. Chairman, as you know, the majority of states are pursuing state-based reforms of the welfare system through waivers of federal laws and regulations. Congress created this mechanism to encourage state experimentation and innovation. We believe a number of the waivers now being granted to states by HHS and USDA should not have to meet the tests of cost neutrality and experimental design. We call for more flexibility within the current process, including allowing states to use the state plan process to implement changes in AFDC and food stamp programs.

Finally, and most importantly, APWA's recommendations call for national policy to assure health care coverage for poor children and families and assert that reform of the welfare system is inextricably linked to reform of the health care system. APWA underscores the importance of enactment of health care reform guaranteeing universal coverage with subsidies, if necessary, for lower income families.

Work and Responsibility Act: JOBS/WORK/Time-Limit Provisions

On July 27, 1994, the National Council of State Human Service Administrators adopted resolutions outlining policy positions on the Work and Responsibility Act of 1994 and child support reform. Our testimony today reflects the policy positions adopted by the Council.

As stated in our resolution on the Work and Responsibility Act, the President's proposal is consistent with APWA's proposal for welfare reform. Its commitment to strengthening the JOBS program, establishing a mandatory work requirement, strengthening child support enforcement, improving child care, and simplifying AFDC and food stamp policies are in many ways similar to APWA's recommendations. We are especially pleased with the following elements of the President's proposal:

- It builds on the JOBS Program and the Family Support Act (FSA). Like APWA's proposal, it utilizes JOBS and the child care and child support provisions in FSA as the foundation for further reform of the welfare system.

- Funding for the JOBS Program is increased and the state match is lowered. The administration's proposal recognizes that the lack of resources for the JOBS program has been a major impediment to full implementation of the program. Of particular importance is the recognition of the fiscal constraints under which states continue to operate. APWA particularly supports the provision in the act, that lowers a state's match requirement and raises a state's capped entitlement during periods of high unemployment.

- The mandatory work requirement embraces the important values of mutual responsibility and work--values recognized as critically important by human service administrators, federal and state policy makers, and the American public.

- Implementation of the new requirements under the act are phased in over time and in terms of who is served. Phase-in and targeting are important to ensuring states' success in meeting the challenges of welfare reform.

- Additional funding is provided and improvements made in policy and regulation on child care for AFDC families, Transitional Child Care, and At-Risk Child Care, which will lead to greater conformity in program policies and improve the availability of quality child care.

- States are provided greater flexibility in how they operate their AFDC program through a provision that allows them to implement certain policy changes through the state plan process rather than the waiver process. In seeking a state plan change, states will also now avoid requirements such as cost-neutrality. APWA proposed a similar process.

- The nearly two dozen changes in AFDC and food stamp policy will lead to greater conformity between the two programs. Many of these changes were proposed by APWA.

In addition, the following provisions are nearly identical to policy changes recommended by APWA:

- establishment of an agreement of responsibility at the time of application for benefits;

- development of an employability plan within 90 days of eligibility determination;

- requiring up-front job search for those who are job ready;
- establishing 20 hours as the minimum work standard for those working and on welfare; and
- allowing states to operate CWEP in addition to WORK, although we are question why states must seek a waiver to do so under the Administration's plan.

Again, while we are pleased with many aspects of the President's proposal, we are concerned with a number of provisions relating to JOBS and mandatory work contained in the bill.

JOBS Prep vs Deferrals: APWA's proposal calls for creation of a JOBS Prep program to provide services to individuals for whom the time-limit does not apply. The administration creates a new deferral category for this group and allows states to provide services. APWA supports additional funding of at least $435 million over five years (as opposed to cuts elsewhere) in order to allow the inclusion of JOBS Prep. We believe it is vital that states have as much flexibility as possible in serving those not affected by a time-limit. The JOBS Prep component of the APWA proposal provides the best approach to state flexibility, and would assume that there are no exemptions from participation.

Financing: All but $2.1 billion in new funding under the Administration's plan will be offset through reductions in entitlement spending, including: tightening SSI, AFDC, and Food Stamp sponsorship and eligibility rules (deeming) for noncitizens and requiring sponsors of legal aliens to assume greater financial responsibility; limiting SSI eligibility for drug and alcohol addicted recipients; placing a cap on federal spending for the AFDC Emergency Assistance program; establishing a new income test for meal reimbursements to family day care homes under the Child Nutrition Program; and extending the 1990 Farm Bill provision that reduced the percentage of recovered Food Stamp overpayments retained by states. APWA opposes any financing provisions that result in a cost-shift to states.

Penalties on States: The administration's plan includes a 25% reduction in federal funding for AFDC if states fail to: (1) stay under the deferral cap of 10% for good cause waivers; (2) meet a 45% JOBS participation rate requirement; (3) meet WORK participation rate requirements; (4) keep accurate records on time-limits; and (5) stay within the cap on extensions of the time-limit. States may also lose IV-A funds if certain paternity establishment tolerance levels are not met. APWA opposes any penalties that result in a loss of IV-A funds. Instead, APWA supports retaining the current JOBS penalty structure of loss of enhanced JOBS funding.

Penalties on Recipients: The Administration also proposes to reduce the parents' share of the AFDC grant for non-compliance under JOBS and loss of the entire family's grant for refusal to take a job. As stated earlier, APWA proposed a 25 percent reduction of combined AFDC and food stamp benefits for non-compliance. APWA continues to support its proposal.

WORK: APWA's proposal calls for mandatory work in a private sector job with placement in CWEP only as a last resort. The Administration establishes a new, separate, mandatory program--WORK--administered by the welfare agency or some other agency, that uses federal funds to subsidize wages. APWA supports allowing states the flexibility to design a mandatory work program, that must include WORK and may include wage supplementation, an alternative work program approved by the HHS Secretary via the state plan, or CWEP as a last resort. We also oppose the administration's proposal to require states to establish a WORK Advisory Board and instead allow governors to do so. The proposed advisory board is duplicative of existing efforts at the state and local level.

Mr. Chairman, our experience tells us that we must be realistic about the ability of states to operate a large scale work program as the cost can be high and labor intensive--developing work sites and providing supervision, monitoring and follow-up with the

employer and the client. We know from the MDRC research conducted in the 1980s that CWEP is feasible to operate and that participants and supervisors found the work meaningful. The programs we have operated in the past and those studied by MDRC, however, were small in scale.

The challenges posed by implementation of a new mandatory work program are significant as we move to scale. I caution the Congress against having overly high expectations about states' ability to quickly move large numbers of recipients into unsubsidized employment or in reducing caseloads or costs. We are particularly concerned that many states do not currently have the administrative capacity or experience to operate a large-scale work program. In fact, the only recent experience states have is the work program for AFDC-UP participants, which began last October. In a recent survey conducted by the state of Louisiana, only nine states reported they expected to meet the 40% participation rate requirement. States' failure to meet the requirement, however, is not a failure in their commitment to establish meaningful work programs; rather, the difficulty in overcoming the challenges of implementing a new, complex program in the wake of high participation rates and high expectations.

Participation Rates: Just as we must be realistic about state capacity to implement a large scale work program, we must be realistic in our expectations of states to meet high participation rates. The administration's proposal requires participation rates for JOBS and WORK. These rates are in addition to the participation rates for AFDC-UP as discussed above.

APWA calls for making the definition and calculation of participation as flexible and realistic as possible. In addition, high unemployment within a state or political subdivision of a state should be taken into consideration in defining participation.

Conditions for Receiving Enhanced Match: States are eligible for enhanced federal match for JOBS and WORK. The enhanced rate is phased in over a five-year period before reaching 70/30 or a state's Medicaid match rate if states: (1) operate JOBS and WORK on a statewide basis; and (2) meet a FY 93 or 94 maintenance of effort requirement, whichever is greater. Maintenance of effort requirements apply to JOBS, WORK, AFDC Child Care, Transitional Child Care, and At-Risk Child Care. APWA recommends that the enhanced match rate be available upon start-up of the program, without a statewide requirement, and with maintenance of effort based on FY 92 expenditures for JOBS funds that are federally matched.

Binding Arbitration/Mediation: The act imposes numerous new requirements on states to resolve disputes on displacement of existing workers under the WORK program. Current law already prohibits displacement of existing unfilled positions in CWEP and work supplementation. APWA opposes the arbitration and mediation requirements as they are administratively burdensome and unnecessary in light of current policy protections.

Teen Pregnancy Prevention: The administration proposes to spend $300 million over five years for adolescent pregnancy prevention demonstration projects at the local level. The funds are provided under Title XX and will go directly to the grant recipient with no state-level involvement. APWA supports a set-aside for teen pregnancy prevention based on multi-level, multidisciplinary approaches with a meaningful state role to help leverage state and local resources with a new federal approach.

Job Creation Strategy: APWA's proposal calls for a new federally-funded private sector job creation strategy. The Administration's proposal does not. APWA supports adding a private sector job creation strategy to the bill.

Administrative Capacity: We are concerned about states' ability to implement the requirements of the Work and Responsibility Act within the prescribed timeframes and available resources. In this regard we believe strongly that states should have a minimum of two years to implement the new program.

Further, monitoring and tracking participants under a time-limited system cannot be done without automation. While we are pleased that the administration has provided resources for systems development, we are concerned about the cap on the federal portion of both the enhanced and the regular match for design and development costs. There is additional concern that the act limits state flexibility by mandating that in order to receive an enhanced match rate for JOBS, WORK, and Child Care systems, states must either (1) work with the federal government to develop a model system for each program or (2) collaborate with at least one other state to develop model and support case management systems.

Child Support Reform

Reforming child support is a major APWA goal. As stated earlier, APWA recently adopted a resolution outlining new and strengthened child support measures at the state and federal levels designed to shift the program's direction from one focused on passing audits and avoiding federal penalties to one designed to assist families and reduce the cost of public assistance.

We must remember that any new and strengthened measures provided to state child support agencies for improving establishment and enforcement will only be as effective as the staff time and resources available. Currently, with approximately 1000 cases per caseworker nationwide, workers are simply overwhelmed with unmanageable caseloads that continue to grow. In Virginia, for example, even if a worker were actually able to look at each case and devote time to it, the total available time per case would only be 98 minutes a year, or **8 minutes a month per case**. In California, the situation is similar: **California caseworkers have just under 2 hours a year to spend on each case**, or approximately 9-1/2 minutes per month. Eight or nine minutes is easily eroded by one phone call, one document, or even just finding the case file.

With phones ringing, correspondence mounting, families waiting in the lobby, and everything constituting a priority because child support payments so directly affect the money available to families to make ends meet, no matter how good a caseworker is, it is impossible to provide a satisfactory level of services without adequate resources.

Our resolution and comments today apply not only to the Work and Responsibility Act, but other proposals pending before Congress. We do, however, offer suggested changes in the President's' proposal for your consideration today.

Universal Child Support

APWA expresses great concern with any proposal that would provide for universal child support by requiring state human service agencies to serve the entire child support population - both those families on AFDC as well as those outside the AFDC population. Under the Clinton plan, for example, the non-welfare population can "opt-out" of services only if both parents sign an agreement saying they do not want the government to serve them. There are two categories of arguments against this change:

Philosophical Issues: The opt-in proposal is too intrusive and imposes government on people who have not asked for services. This is especially true given that the current opt-in system provides services for those who ask for them. (The current system caps incentive payments to states for serving the non-welfare population, thus creating a disincentive to work those cases.)

Resource Issues: This is by far the greater concern to APWA. Universal child support is projected by many states to be quite costly. Significantly, it will greatly increase child support caseloads. Both California and Texas expect **a universal child support system to double caseloads**, a projection that HHS says would be true nationally. As previously discussed, states already have difficulty serving those currently receiving IV-D services; doubling caseloads could wash out the impact of increased enforcement tools, hampering

states' efforts to improve child support for years to come. Indeed, it is unlikely that states' staff-to-client ratios would improve by 50% to just keep pace with the caseload increases.

Further, automated systems' capacity to deal with such increased caseloads simply does not exist. The hardware and on-line capacity of child support systems are built to handle *current* caseload projections, and many are falling short due to unexpected caseload increases associated with serving the current population. California, for example, is spending about $75 million on development and design on the system for 2 million cases (more than a quarter of the $260 million allocated for child support in H.R. 4605). California's quick estimate of systems upgrades to accommodate the non-IV-A cases would cost a similar amount. Texas also says doubling the caseload would greatly impact systems costs. Also, increasing automated systems capacity does not decrease the need for staff. In fact, states say that as they increase systems capacity, they are actually experiencing an increased need for personal interaction, due to the "ticklers" built into systems to send certain notices to clients automatically and to prompt caseworker action.

Instead of radically expanding the child support system to serve a universal population, APWA urges Congress to support existing policy which requires states to serve the non-welfare population at the request of either parent - continuing the "opt-in" policy. APWA does recommend removing the current disincentive to serving the non-welfare population by simply removing the cap on incentives to states for serving the non-welfare population, allowing FFP for all non-welfare cases.

Other Funding and Incentive Issues

Although at first glance, state IV-D budgets may seem adequate, when broken down to dollars spent per case, the funding is far from sufficient. In Massachusetts, for example, the state IV-D agency spends $40 million per year for a caseload of a little over a quarter of a million clients. **This means the state spends about $170 per year on each case, or $14 per month - not a lot of money to chase down a father who is not paying support and lives across state lines**, even if the non-custodial parent is *not* working to elude the caseworker!

As you know, we must continue to adequately fund the program, or results will be hard to achieve. The Clinton bill proposes significant changes in the way state child support programs are funded by moving toward a system based on incentives tied to performance. APWA strongly supports this shift, including the proposed 75% FFP as base funding. However, APWA finds it difficult to support the incentive structure as it currently is written in the bill because it is inadequate.

The bill allows up to 15% FFP in performance-based incentives. APWA recommends providing at least 20%, and as high as 25% incentive FFP by allowing an additional 5% as a medical support incentive, as recommended by APWA and NGA several years ago. Another 5% should be allowed for collections. If states are not able to achieve this match, as in current policy, child support reform will stifle state effectiveness and creativity.

An alternative funding proposal is that offered by APWA:

- Return the FFP match rate to at least the original level of 75 percent or to a higher rate that will support the additional Congressional mandates;
- Develop performance-based incentives tied to collections, paternity's, orders established and other appropriate criteria related to program goals. Performance measures should reflect the principle that "one size fits one," meaning they are based upon what each state realistically needs and is able to do to improve its program and the support of our nation's children;
- Remove the 115 percent incentive cap on non-welfare collections as measured against welfare collections;
- Include in the category of welfare collections all collections on cases receiving mandatory services, such as Medicaid-only cases, former AFDC cases, and other similar cases;

- Clarify that attorneys' fees, court costs and similar reimbursable costs may be recovered outside the "cost recovery" regulations, and providing that such recoveries may be used by the program without counting as "program income," which would reduce the available FFP; and
- Examine the effectiveness, budgetary placement and potential alternatives to the $50 disregard.

Audit

The audit process must be reformed, and we are pleased that the President's bill proposes to do so. However, APWA recommends strengthening the audit language in the Clinton bill by changing it to allow half of audit penalties to be put in escrow for up to two years and returned to the state if the state passes the audit in the two-year period. States would view this as a good-faith effort to support reinventing government through federal-state partnerships rather than to focus federal efforts on punitive measures. Further, it would be an effort APWA would highly support based on joint recommendations developed cooperatively with the National Governors' Association and the IV-D directors that recommend changing the audit from process-oriented to outcome-oriented performance measures and creating a sanction process emphasizing corrective action rather than financial penalties.

Federal Leadership

Federal leadership is critical to the success of a national child support enforcement initiative. We must empower OCSE to help improve the program by acting as a participant, not just as a regulator. APWA supports the Clinton bill's language to increase the technical assistance role of the federal government. Also, APWA supports efforts to strengthen the federal role, including providing child support assurance demonstrations and any fully-federally funded work programs for non-custodial parents who are having trouble finding work.

APWA recommends further strengthening of the federal government's leadership by:

- Improving assistance with the collection of child support not only from federal and military employees, but including federal contract employees, so that the federal government can serve as a model employer for the child support enforcement program;
- Mandating that self-insurers governed by ERISA are required to provide access to coverage for all eligible children, regardless of their residence or the marital status of their parents;
- Ensuring that state IV-D agencies have timely, cost-effective and usable access to federal and state databases for paternity establishment, locate, and medical insurance and establishment purposes;
- Requiring that the Social Security Administration provide the state IV-D and the Department of Motor Vehicle agencies access to electronic verification of Social Security Numbers;
- Provide for a system of child support enforcement that deals with Native American tribal law that appropriately reflects tribal justice systems and is supported by tribal governments; and
- Establishing a permanent child support advisory committee including representation by state child support enforcement administrators, program advocates and the judiciary to advise and guide the federal OCSE.

Leadership from the federal government is also needed in the area of information systems development.

Information Systems and Databases

APWA supports proposals to establish a National Directory of New Hires, a National Child Support Registry, a State Central Case Registry and State Centralized Collection and Disbursement for child support. We would be greatly concerned, however, with any proposal that does not provide adequate funding for states to develop and integrate the state provisions. Because information systems play an essential, fundamental role in supporting both the administrative and program capacity of the child support system, APWA calls on Congress to provide for appropriate adaptation of current state automated systems to any proposed reform by extending enhanced funding for the development and operation of automated systems and state registries, including with regard to the October 1995 deadline for child support systems.

Appropriate adaptation and adequate funding are not provided by the President's bill. First, capping state systems funding for both enhanced and regular FFP at an arbitrary level - $260 million - could be dangerous to the program, especially knowing that the Administration's original cost estimate for these child support systems was $370 million. States are already concerned that if they are not among the first states to apply for the funding, it will run out and then they will not be able to afford to develop systems. This could cripple national child support reform efforts.

Additionally, whenever program changes are made that affect caseload management, automated systems changes are necessary. There should be federal interest and support for maintaining not only adequately funded but appropriately adapted systems. New information systems requirements will affect current system development and implementation. Examples of these new requirements include the ability to: (1) measure statewide paternity establishment for those under one year old, (2) track whether paternity is established within one year, or face loss of AFDC FFP, and (3) exchange data with IV-A and Title XIX programs. (With adequate funding, APWA would suggest adding systems interface with child welfare program automated systems to the list for data exchange.) States need flexibility to incorporate the new requirements as appropriate in the state.

We also urge Congress build into any new legislation federal accountability to provide leadership and guidance to states regarding any new systems requirements by: (1) requiring HHS to provide technical assistance to states and (2) requiring that states' implementation timetables for receiving enhanced FFP for systems do not begin until the federal government issues final guidelines on any new systems requirements. This has been a costly problem and a barrier to state system development in the past and should be avoided in future.

Establishment

Overall, APWA supports the Clinton bill's strengthened paternity establishment measures. APWA also supports strengthening non-cooperation penalties, including the requirement to deny Medicaid until the client cooperates. Further, rather than removing the custodian's benefits if she fails to cooperate with the agency, APWA proposes instead to strengthen the current non-cooperation penalties so the food stamp award is not increased when there is a finding of non-cooperation.

We also support the President's proposal to move to allow the IV-D agency to determine cooperation. However, it is unclear the extent to which the IV-D worker plays a role in cooperation determination after the initial determination of eligibility. Further, this provision will not be effective unless states have the resources they need to place a IV-D worker in IV-A agency. Without resources, it will also be impossible to make a determination of cooperation within 10 days, as stipulated in the bill, and the client will be considered to be cooperating by default.

Enforcement Tools

States must have the tools they need to enforce child support orders. APWA commends the Clinton administration for providing many of these necessary tools in its child support reform proposal, including passing Uniform Interstate Family Support Act (UIFSA) and requiring appropriate federal, state, and local licensing agencies, when cost effective, to adversely affect professional or occupational licenses of delinquent child support obligors. The bill unfortunately omits several extremely important measures. Therefore, APWA recommends adding the following provisions to the bill:

(1) Strengthening the administrative subpoena provisions in the bill to require states to use and honor out-of-state subpoenas.
(2) Increasing the role of the IRS: APWA strongly urges Congress to strengthen the role of the IRS by:

- making federal and state tax information available to state and local child support enforcement agencies through quick and easy computer access, and allowing this information to be admissible in court;
- establishing that any child support arrearage that accrues during the year becomes a tax liability, collectable via the annual income tax form and, if necessary, through other IRS enforcement procedures; and
- strengthening the current IRS full collection process (through which states refer cases to the IRS for enforcement) by relaxing existing procedural barriers and by authorizing additional resources to IRS.

However, APWA does not support federalizing the child support system. In fact, state agencies have had difficulty gaining cooperation from the IRS simply to comply with the demands of its current small role in child support. A shift to federalization, just as states are building up their establishment and enforcement capacities, would discard the effort and time slowly invested over the past 18 years. It is difficult to imagine summoning sufficient resources to infuse into the federal government to support such a shift at the same time that the rest of the federal government is downsizing through buyouts and eventual layoffs. Secondly, developing the new network of service delivery at the federal level would not only be costly, but a logistical and administrative nightmare. Thirdly, there is no evidence that the current problems would be eliminated or reduced as a result of federalization. In fact, centralizing collections within the federal government could have adverse effects. Automation can produce a 24-hour turnaround on about 90% of collections (i.e., in Delaware, for example). Further, under a federalized system, custodial parents would wait longer for payments when wage attachment at the state level can collect and distribute payments more efficiently and states are proving they can do this well with resources and automation. Finally, many people operate under the following false assumption: approximately 82% of people in the general population earn wages that are taxed by the IRS; hence, the IRS could collect 82% of child support orders. The logic is skewed, however, because IV-D offices have found that those non-custodial parents in arrears do not replicate the national average of those with incomes taxed by the IRS. Many non-custodial parents in arrears work "under the table" or change jobs frequently. IV-D offices estimate that about 50%-60% actually would be reached through centralizing collections through the IRS. Generally, federalization models do not address collections from the other 40% of those in arrears. In fact, they remove the responsibility for these collections from states, and do not create a federal system to address the issue.

Child Support and Welfare Reform

Finally, Mr. Chairman, efforts are underway in the House and Senate to move forward with child support reform separate from welfare reform. APWA strongly urges Congress to enact reforms for both policy areas in the same legislation.

Closing

In closing, Mr. Chairman, I want to emphasize that APWA and the state and local human service administrators fully support enactment of comprehensive welfare reform

legislation. The issues to be debated, however, are complex and require thoughtful and serious consideration by the Congress. We look forward to working with you on this important issue, and hope that our comments today have been helpful.

Thank you for the opportunity to testify today. I would be happy to answer any questions.

Chairman FORD. Thank you very much. Let me thank each panelist for your testimony today.

Ms. Campbell, I was a member of your organization some 20 years ago prior to becoming a Member of the U.S. House of Representatives.

Let me just go over this. We are going to try to complete this panel before we have to leave to go to the House floor for votes. Many State government budgets are now in good shape. We are hearing even that the State of Michigan is in good shape. In fact, some States are cutting taxes. At the same time, many Governors and State legislators proclaim a strong interest in radical welfare reform. It would suggest that many States would be both willing and able to help fund a major welfare reform package since they want so much flexibility in the package as we have heard from witnesses today.

What is your response to that, may I ask?

Ms. CAMPBELL. Well, Mr. Chairman, as you are well aware, States are different in terms of how their economies are functioning and welfare benefit rates are calculated to reflect that difference. And so to the extent to which the Federal Government participates in welfare financing, there is a higher Federal match in a State like Mississippi which has fewer State resources than in a State that has more resources.

What we are trying to work with as we come before you and talk about having it be a State-Federal partnership is that we want to preserve that State-Federal partnership. We don't want the States to take on a bigger burden as a result of a Federal policy shift. What we would like to see is that the policy shift be shared between the State and the Federal Government, and that we be able to have the authority as States to do what is right for our folks.

I don't know how often you have had the opportunity to come to Ohio, but even within our own State we have wide variances. Our city of Cleveland has a set of needs. We also have an Appalachian population. And so we have to, as we design welfare policies even within the State, be sensitive to the differences within our State.

We want for the States that same opportunity to design what is right for our State so that we can change the goal. Where the goals of our welfare programs have really been for so long dependency, we now want to move toward economic independence. We want the States to continue to have flexibility or to have new flexibility to allow that kind of operation.

Chairman FORD. Go ahead. I am sorry.

Ms. CAMPBELL. No, that is fine.

Chairman FORD. Thank you, Ms. Campbell.

Ms. James, I was reading your testimony in which you said that "Despite decades of intensive antipoverty campaigns, we have seen little progress in the fight against poverty. Instead, over the last 30 years the number of welfare recipients and the rates of illegitimacy and violent crime have skyrocketed. Even worse, in all too many poor communities, the promise of progress has been replaced by despair and dependency."

You go on to make a statement that over the past 30 years what we have seen is 4 million families come on welfare.

The first thing I want to know is where do you get your evidence? And have you really looked at trends to see the decline that we basically have had in welfare since the seventies? The facts don't support your written statement and your testimony before this subcommittee today.

Ms. JAMES. That, sir, is a cumulative number over the past 30 years in looking at rates of poverty and not with just those that are going on AFDC, but I will be happy to check the number.

Chairman FORD. That is basically what we are talking about. I don't want to get the issue confused because when you do that, you talk about the crime rate has increased. Then it comes right back to what you are spending in the State of Virginia for inmates to be housed in a penal institution for 1 year versus the fact that you suggest here that you want us to give the States more flexibility in the welfare system.

I think in your State prison institutions you pay 100 percent. You have total flexibility, it is your responsibility, and you have to account to the taxpayers. According to the records, we ante up about 50 percent of Federal dollars to the State of Virginia and I don't see all of these things you are suggesting. I hear it and it sounds good. Your testimony was solid. But I don't see anything that can support what you are saying.

Under 4 years of the Bush administration we had more people come on welfare than ever before in the history of the welfare program. That is when welfare rose by leaps and bounds. And for us to try to put it on the war on poverty—I am a war on poverty baby. I made it to Congress. I know all of my friends who are CEOs today of major corporations who worked in the war on poverty program. Had it not been for the war on poverty, a lot of us would not have completed college, would not have had a job opportunity—a real job opportunity. I am a living witness of the war on poverty.

Ms. JAMES. Mr. Chairman, I think many of us are. I don't think that there is much dispute by anyone on any side of the aisle or the ideological or political spectrum that something needs to be done with our current welfare system. I don't think that we are here to debate today whether there needs to be changes. I think we all agree about that. I think we all agree that the current system we have is not working and something needs to be done. I think that the cost of not doing anything, as you suggest, is all too high.

There is little debate left on that particular issue. I think we all agree that where we are today in our commitment to do something to alleviate dependency, to acknowledge the fact that something that we have been looking at over the past 30 years has not worked, and that we are here today to struggle together to figure out what we need to do now. I don't think that that is the issue that we need to debate. What we need to debate is what are we going to do to fix it, where do we go from here.

Chairman FORD. True, we want to do that, but in your testimony, you indirectly suggest that the violence and crime problem might have some attachment or connection to the welfare population. I want it to be perceived that people in the welfare population are certainly law-abiding, good citizens of this country.

Ms. JAMES. No, that is not the implication. That certainly——

Chairman FORD. But indirectly you talk about that. And if we look at a profile of most of the crime problems in this country, whether it is in my urban area that I represent or other urban areas, the profiles are basically the same. I mean, when you look at high crime areas, you will find that those are citizens who are not working, been out of the work force for quite some time, and it is not—there is no association, you know, showing any crime stats that show an increase because of a huge welfare population.

I don't find that to be the case in my district. I find just the opposite. Welfare recipients want a job. They want to work. They want to go into the work force. They don't want to be on welfare. They want things better for their families, and any time that you can find a mother who with three kids can manage $500 and $600 a month, it tells me that they have good instincts and are very conservative people who can manage money, which a lot of us cannot.

Ms. JAMES. Mr. Chairman, I had one of those mothers who was a welfare mother with five kids so I do know that what you say is absolutely true. I would simply say that I don't think—again, there is this debate in this country. We have a problem with escalating crime. We also have a problem with increased numbers of people in poverty, not that those two are related to each another in a causal effect but certainly both are true at the same time.

And I think as difficult as it is for all of us to look in the mirror and say we have got a problem, we need to set all partisanship aside. We need to set ideology aside and come to the table with some good ideas and say how are we going to fix it.

Chairman FORD. I am in total agreement.

Mr. Santorum.

Mr. SANTORUM. We don't have much time. How much time?

Chairman FORD. Can we break then and come back?

Mr. SANTORUM. I am not going to be able to come back. We have to get over. I will be happy to submit some questions to you folks. I do have a couple of questions having to do with out-of-wedlock births, the approaches the Republican bill has taken with respect to eliminating benefits for teenage moms. So if you could address that I would very much appreciate it.

[The following was subsequently received:]

One of the goals of welfare reform is to reduce the rate of unwed teen pregnancy. Given the correlation between welfare spending and teen pregnancy, the proposal to limit or eliminate AFDC cash benefits to minor mothers of children born out of wedlock is an interesting idea. Though it is always impossible to accurately project the impact of such initiatives, this proposal would significantly alter the status quo and, if the resulting savings are channeled in such a way as to support the children involved, would likely be very beneficial.

Chairman FORD. Thank you.

If you all would keep your seats for about 6 minutes, it will take us about 6 minutes.

Mr. Camp.

Mr. CAMP. I am not sure I am going to be able to come back, Mr. Chairman.

I would like to thank Secretary James for her testimony. And, Ms. Campbell, it appears as though in your statement you find the financing mechanisms of the Clinton plan, the Republican bill, and the Mainstream Forum bill pretty much unacceptable.

I would be interested in getting from you in writing what the National Conference of State Legislatures, what ideas they might have on financing welfare reform. So if you could respond to the committee in writing on behalf of the conference, I would appreciate it.

Ms. CAMPBELL. OK.

Chairman FORD. Could you just remain there at the table for about 6 minutes?

[Recess.]

Chairman FORD. The subcommittee will come to order.

Ms. James, let me go back to you for 1 minute, please. These public discussions here, naturally, are to craft a welfare policy and we must have the heads of all Health and Human Services agencies throughout the country to work with us and you being one of them, I just want to make sure that we have some discussion points.

You talked about the war on poverty and I bring it up because of CETA. All of this will play a major part in how we will craft a welfare package to replace welfare as we know it according to the administration.

The war on poverty was back in the early sixties and we see that the overall poverty rate then was about 19.5 percent and it was about 23 percent at the time for children. When the war on poverty program started, the overall poverty rate dropped from 19 to 12.1 percent and the children who were living in poverty dropped from 23 to 14 percent. The war on poverty did just the opposite of what you testified.

The war on poverty was a sound program and if we look at further charts we will see that one concern is kids born out of wedlock. We have seen a trend moving constantly with that, but from 1970 to about 1990, we didn't have any increases in the welfare benefits in this country. It was only after the Bush administration came in that, because of his bad economy, the rolls shot up.

It contradicts what you have testified to here and if you have evidence to show differently then we would like to have it because evidence is what we are going on. Oftentimes, we misinform the public domain and welfare recipients with all of this high partisan rhetoric, you know, they are the ones that really get hurt by all of this.

When you look at communities, welfare recipients living in areas that are distressed, communities with high violence and crime rates, job opportunities have left these communities. Inner cities without jobs, without businesses, without any new job creation, and we still pour more and more on the poorest of the poor of this country without stating the facts. I mean, those just happen not to be the facts, Ms. James.

Ms. JAMES. Mr. Chairman, I think that we would not be at this place, either you or I, struggling to come up with some answers if all of us did not agree at this particular point in time that we need to do something to radically reform the Nation's welfare system.

I think earlier testimony was absolutely accurate, and I chose my words very carefully: To restructure a system. It is not the people that is the issue. It is in fact the system.

The programs that we are here to look at how to structure either at the Federal or the State level are programs that in a truly bipartisan spirit—whether they came in under Republicans or Democrats is irrelevant at this point. Many of them are not working to service the people that we care so desperately about helping to achieve self-sufficiency and independence.

So the reality is that what we have to struggle with here is how to best do that. How do we come up with programs that can achieve what I think you and I both want, what I believe that both folks at the Federal and at the State level want. And that is to provide opportunities for people to be able to have the kinds of lives they want to have.

When we were holding town meetings across the Commonwealth of Virginia, one welfare recipient came up and said, You know, you don't need to reform welfare; you just need to blow the system up. And the problem is that if you could remove the disincentives from the system, you wouldn't have to come up and create jobs. Half the people on welfare today would go out and get jobs. But there are so many disincentives in the system——

Chairman FORD. Ms. James, that is just like when Ronald Reagan was in office talking about the welfare queens. It is not fair to make that kind of statement.

You made statements like illegitimacy has caused this problem. We have had out-of-wedlock births double since 1980. No evidence will show that it has increased the welfare rolls at all.

I mean we use all of these terms. You make reference to this one person. Who is that person? Identify that person for the record and let us go and interview that particular person who talked about we should blow the system up and all of these things we need.

Ronald Reagan never identified his welfare queen that he was talking about and he used it all the time; it does not relate to what we are talking about.

Ms. JAMES. Mr. Chairman, for the record, I would be happy to submit to you the names of the individuals who have made those comments.

Chairman FORD. You said one individual.

Ms. JAMES. Well, more than one. More than one.

But let me just say I would never use the term welfare queen because I have never met one, I have never seen one, and I think that is a caricature of people who are currently on welfare and it does them a disservice and it is nothing I would ever say or do or repeat. That is not the person I know that is currently struggling to achieve self-sufficiency and independence.

And I really do think you are misunderstanding what I am saying here. My point is that the system is what needs to be fixed, not the person. My point is that what people who are currently on welfare in the Commonwealth of Virginia are telling me is that the system is designed such that it takes a Herculean effort even for someone who desires to be self-sufficient and independent to achieve that.

So the point is that they are not the issue, they are not the problem. It is the system that needs to be fixed. And so as we struggle together to figure out how to remove those barriers, my point is that there are many people of goodwill, many people who are cur-

rently on welfare who desperately want to be off, but the disincentives that currently exist, the fact that if they get married they lose their benefits, the fact that if they earn outside income, their rent goes up, the fact that they would lose their health insurance—there are disincentives in the system that we together at the Federal and State level need to fix.

My point is, there is no caricature of a welfare queen that is out there that is desperately trying to reap from the system everything that they can get, but there are hard-working people who want to be self-sufficient and want to be independent and we owe it to those people to work together in a bipartisan spirit to figure out how to do that.

I haven't seen that welfare queen. I haven't met her. I don't know whether she exists.

Chairman FORD. Well, I haven't seen that—illegitimacy. You use all of the catchwords in your testimony, to be such a bright person who has been out with your past and all, but you come back and you use all those catchwords for the rhetoric in welfare reform.

We are not talking about out-of-wedlock births. You want to use this terminology. What is illegitimacy? Tell me what you mean in your testimony when you say illegitimacy.

Ms. JAMES. Is the word illegitimacy the issue? Let's not get hung up on the word.

Chairman FORD. What do you mean by that? Define it as it relates to some child being born whether they are on welfare or not. Define what is illegitimacy.

Ms. JAMES. Illegitimacy by definition I think is a child that is born without a father that is there and present to be supportive and involved in that child's life.

Chairman FORD. Would that be your definition, Ms. Campbell, of illegitimacy as a legislator?

Ms. CAMPBELL. Mr. Chairman, I served as the chair of children and youth in the Ohio Legislature and we made a decision not to refer to illegitimate children because the children didn't have any decision. Whether the children's parents are married or not, the circumstances of their birth is nothing the child has anything to do about. And so what we have tried to do as we have dealt with children's policy is to provide support for children regardless of the circumstances of their birth and we have tried to—if we need to refer to the wedlock status of parents, they are out-of-wedlock parents, but even as we have done the paternity statutes, we have made every effort not to make any child an illegitimate child because they are all our children.

Chairman FORD. Thank you.

Mr. Pappas, what do you think about illegitimate children? And, Ms. James, please, it is not personal. This is for our record, though, because I think the children that we are talking about that are trapped into this welfare population, and I know you are committed and I am committed and others are committed, we need to give them some respect. We use the wrong words and it is really detrimental to these children. We are discussing on national television a welfare reform bill that would replace welfare as we know it and we refer to these children as illegitimate children. It doesn't make any sense for us to do that regardless of our party affiliation.

These are children who, through no fault of their own, are on welfare. They should have every constitutional right, every right that God has given all of us. They should have the fruits and benefits of everything else in society that our kids would have. There is absolutely no reason why we want to refer to them as illegitimate and we are only doing it with the welfare population.

We don't discuss divorcees and refer to their children who are born after the marriage as illegitimate. But, we want to refer to welfare population children like they are not full Americans or whole Americans, and that is just not fair to the children.

I mean it sounds good. This is an election year and I know that probably will cost me a lot of votes in my district, but it is just going to have to cost me votes because I am not going to tolerate the rhetoric from either side of the aisle on this subcommittee as we mark up welfare reform. I might not win all the votes. I am not saying that I am going to draft a bill, but I can say to the Republicans, and I will say to the Democrats, that we are going to respect this population that we are talking about and no one will use this subcommittee or the Committee on Ways and Means or the House floor to get elected to any position, and that goes all the way to the White House to the President.

Ms. JAMES. Mr. Chairman, could I just offer a clarification. Illegitimacy is a term of art. It certainly—there is no such thing as an illegitimate child. Certainly I believe that every child, every child should be valued. Every child has worth. Every child has dignity. It refers here to a legal definition and I don't mean it to impugn anything to a child that is on welfare. It is a term that I would certainly use for any child in that situation, not just children on welfare.

Chairman FORD. I thank you very much, Ms. James.

Mr. Pappas.

Mr. PAPPAS. I would agree with the two people on my right. I think part of the discussion that we are having centers not just around the difficulties that we have experienced in this country with this system, but the difficulty of the American family and the difficulty that the parents are having, be they single parents or be they even a couple, in just dealing with life and dealing with providing the basic needs for themselves and their children.

I think the reason that all of this debate is taking place is because there is a certain portion of that population that is on public assistance to some degree. And that is why we are as involved in discussing it and in some instances people may feel we are dissecting them.

My own viewpoint, as I said, I have been chairman of our county welfare board since 1986, I in many instances have taken—I consider myself a Conservative Republican, but in many instances, in the kinds of programs that I have advocated for the population that I represent in my county, one would think I was a Liberal because I place, as I think everyone here does, great value on the clients and the citizens I represent. I think if you did not place that value on those folks, you wouldn't be sitting as a chairperson of this subcommittee.

Chairman FORD. I find that to be true in my district and I represent a district that is about 52 or 53 percent African-American.

The rest is not African-American, but even the most Conservative Republicans in my district support welfare reform in a much stronger way than I. As a matter of fact, I don't know why here in the Congress we find it to be just the opposite.

I certainly find strong support in my district among my very Conservative Republicans in talking about not time limits, but creating jobs right away to put people into the work force. That is what I hear from my Conservative Republicans who don't usually vote for me at all. But this is one issue that we have been able to agree on. But, I don't find this to be true among my colleagues here in the Congress.

Maybe there must be some different types of Republicans in certain districts. I don't find that to be true in mine and I know I have one of the most Conservative districts, the Conservative part of it is probably the most Conservative anywhere in the country as it relates to Republicans.

But, Ms. James, it was really for discussion for the record here and certainly no wrong and no harm to you.

[The following was subsequently received:]

ADDITIONAL COMMENTS IN RESPONSE TO QUESTIONS POSED BY CHAIRMAN FORD WERE RECEIVED:

To answer the questions posed by Chairman Ford during the Subcommittee's welfare reform hearing, one has to look beyond data. Evidence of a correlation between welfare spending and the number of recipients, the incidence of crime, and rates of poverty and illegitimacy does exist and is provided below. But such evidence is little more than an indicator of a far more important issue: the impact of welfare spending on the nation's culture.

What tends to be missed in the argument about welfare's impact on America is the true nexus between welfare spending and such social ills as broken families, single and teenage parents, crime, and dependency. What the correlation of these problems to welfare tells us is that there exists a direct link not between, say, welfare spending and violent crime but between welfare spending and the cultural breakdown that fosters such social ills.

In the last three decades, the nation's welfare system has forsaken the good intentions with which it was created Rather than serve as a system of temporary assistance, welfare has come to erode the foundations that made this nation strong. This possible outcome was envisioned long ago. As Franklin D. Roosevelt observed:

> The lessons of history . . . show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit.

Welfare as we now know it attacks the institutions that once made poor Americans strong, helped keep our families whole, and guided our children to productive and fulfilling lives. Welfare has undermined the social, moral, economic, and legal underpinnings of America. In effect, we have replaced the nation's culture with the culture of welfare.

As a cultural issue, welfare is not about poverty any more than it is about wealth. If we imposed upon wealthy Americans the same set of perverse incentives that the welfare system has imposed upon the poor, we would be seeing the same results. As the correlations provided below make clear, poverty itself does not cause welfare dependency, crime, family breakup, or any of the other problems which too many people now associate with low income Americans. Welfare as we know it is the cause of these social ills. And that is why welfare must be reformed.

Response to question posed by Congressman Ford regarding the correlation of welfare spending and the addition of four million families to the nation's welfare rolls:

In 1970, 1.9 million families received AFDC. In 1991, when the scope of welfare benefits was significantly greater than in 1970, that number had swelled to 4.4 million. Since a very small fraction of those receiving AFDC in 1970 were still doing so in 1991, the probable gross increase during that period of time was 4.3 million families.

Source U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States*, 1993 (Washington, D.C. Government Printing Office, 1994).

Response to question posed by Congressman Ford regarding the correlation between increased welfare spending and the incidence of crime:

Prior to 1965, when federal welfare spending was still modest, the rate of violent crime was consistently less than 200 incidents per 100,000 persons. The crime rate, however, began to rise when welfare spending did and maintained a growth trajectory remarkably similar to that of welfare spending. In fact, the crime rate dropped during the only five-year period that welfare spending was held in check (1980-1985).

Source: U S Department of Justice, Federal Bureau of Investigation, *Crime in the United States*, 1992 (Washington, D.C.: Government Printing Office, 1993).

Response to question posed by Congressman Ford regarding the correlation between welfare spending and the poverty rate:

Between 1950 and 1965, when annual federal welfare spending was approximately one-tenth current levels, the rate of poverty dropped from 53 percent to 17 percent. As federal spending increased slightly between 1965 and 1970, the poverty rate declined still further to 12.6 percent. Since 1970, however, the unprecedented levels of welfare spending initiated by the "War on Poverty" have not produced further declines in the rate of poverty. Rather, since 1970 the poverty rate has averaged 13 percent and has never dipped below 11.1 percent.

Source: U.S. Department of Commerce, Bureau of the Census, *Statistical Abstract of the United States*, 1993 (Washington, D.C.: Government Printing Office, 1994).

Chairman FORD. Thank all of you for your testimony. I certainly look forward to working with you in the coming weeks and coming months. I just talked to your Congressperson, one of them, Lou Stokes, and he told me to tell you "hello." Thank you all very much.

I would like to call the next panelists, and we are going to use all six of these seats. I would like to call Eloise Anderson, director of the California Department of Social Services; Lynn Burbridge, deputy director of the Center for Research on Women; John Wallace, the Manpower Demonstration Research Corp.; Diana Aviv, Council of Jewish Federations; Larry Lockhart, New Jersey Department of Human Services; and Robert Rector, senior policy analyst for welfare and family issues, Heritage Foundation.

Let me apologize for the extremely long wait that you have had all afternoon. I do apologize. These hearings have taken a lot longer than we have anticipated. I am just trying to walk through some of the issues that are before us.

At this time I am going to recognize Ms. Anderson from the California Department of Social Services. You are recognized Ms. Anderson.

STATEMENT OF ELOISE ANDERSON, DIRECTOR, CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

Ms. ANDERSON. Thank you, and I would like to start off by thanking you for the opportunity to be speaking to you today and from the point of view of the California Department of Social Services. I would like to have my written testimony put into the record.

Chairman FORD. All of your written testimony and statements will be made a part of the record and any summary you would like to give under the timeclock, you can do so. But your full text will be made a part of the record.

Ms. ANDERSON. GAIN, which is our JOBS program, provides a comprehensive package of services. They represent a broad range of services because we are a county-run system and we have 58 counties and 58 counties tend to do 58 different things. So we have everything from job clubs, basic education, to training and work experiences.

Within our GAIN program, what you would call the JOBS program, we provide some services, child care and transportation. And GAIN for us has been going since 1986 and since 1986 it has served .5 million parents. We believe the GAIN–JOBS kind of program can be an effective approach to changing welfare. We believe that it will help in job placement and we believe that it helps in helping people leave welfare.

GAIN is one of the few programs in the country that had a research component to it and the research was done by MDRC, Manpower Development Research Corp. We find in that GAIN program some successes in increasing employment and in reducing grants.

It had its highest impact of any other program that we believe has ever been looked at and especially in the evaluation of work-to-welfare programs. It had its highest impact in a county called Riverside, and one of the reasons it had a strong impact in Riverside is because it was unique. And I have a long history with human services all the way back to the CETA programs.

One of the things that it did do that many of the county programs don't do and many programs across the Nation don't do is that the particular organization focused on work. One of the things that it focused on was work at any level. There was no distinction between high-paying wages and low-paying wages.

One of the persons, one of the things he believed is that work in itself is valuable. And one of the things that Riverside County has done that very few other counties in our State has done is that the return on investment was $2.84 to every dollar put in it.

So if you look at work programs as an investment type of position, then a work-oriented, work-focused program has the higher return on a dollar than a long-term educational program.

We believe in California that it is important to have a message of work to go along with welfare reform and that it ought to be incorporated into the Federal welfare reform program and it ought to be time limited. And in California, the Governor has proposed a time-limited program. We also believe that training services that offer an orientation toward getting into work quickly is possible and should be the direction in which we go.

We also believe, to me, one of the better places to have welfare reform as I have watched welfare over the past 30 years is that I think we need to provide reform inside of our own institutions because many of the people who work as welfare providers and administrators themselves have become institutionalized.

So as we begin to look at welfare reform, it is clear to me that the people who provide the service to welfare recipients and the people who administer welfare programs need to have a clear understanding that the goals of welfare is work for the recipients and not to keep them on programs so they can enhance their own self-being, their own establishment, but to move the recipients as quickly as possible off of AFDC and into work.

A strong employment-oriented program and time-limited welfare is a strategy that we ought to be using plus what we have learned in California is that employment service strategy that has financial incentives plus mutual obligation is the best thing that works.

California has made substantial progress in reforming its system, and we believe that the Feds ought to look at some of the things we have done and take their experience from that. Governor Wilson has proposed to eliminate aid for the able bodied after 2 years, but not necessarily taking children off with continued food stamps for children and Medicare and child care. We believe this is the way the time limit ought to go and we believe that government should not be the employer of last resort.

Having been a longtime civil servant myself, I resent the fact that one believes that one is saying a negative about civil servants when you say you can take someone who has no skills and put them in public service. What you are basically saying is that public service is irrelevant and useless. The present goal should be people who are heads of household to work.

One of the things that welfare should not do is be a barrier between poor men and their women, and so far the AFDC has been a complete barrier between poor men and poor women maintaining families, increasing family structures.

I know my time is up. I have one last thing to say to you.

I know as you move through this that you will not agree, there will be a lot of differences in approaches, but the one thing I urge is to leave room for States to have innovation and for States to bring to the table different ways of doing things that work for them.

Thank you.

[The prepared statement follows:]

Chairman and Members of the Subcommittee on Human Resources:

My name is Eloise Anderson. I am the Director of the California Department of Social Services. I am pleased to have the opportunity to speak to you today on California's experience with the State's JOBS program, known as Greater Avenues for Independence, or GAIN, and on our record with respect to welfare reform.

GAIN provides a comprehensive package of services, ranging from job clubs to basic education to various forms of training and work experience. Services are offered under the terms of a participant contract, with child care and other supportive services provided as needed to ensure participation. Since it was implemented, it has served over half a million participants.

Our experience has shown that the GAIN Program can be an effective approach in assisting AFDC recipients in obtaining job placements and leaving welfare. As you probably know, GAIN has been subject to a rigorous evaluation conducted by the Manpower Demonstration Research Corporation (MDRC). MDRC's findings show that the program has had success in increasing employment and earnings, and in reducing welfare grants. However, there has been a wide variation among the research counties in this respect, as there has been throughout the state as a whole. The MDRC data is clear that by far the highest impacts - indeed higher than in any previous evaluation of welfare to work programs - were achieved in Riverside County, which places a strong employment focus on all aspects of its program. The data also shows that this approach is highly cost effective. According to MDRC's data, Riverside County returned $2.84 for every dollar invested by the government over a five year period.

We believe this is a very important message - and one that must be incorporated into federal welfare reform efforts. Particularly in the context of a time-limited program, it is crucial that the employment and training services that are offered be oriented towards the participant obtaining a job as quickly as possible. Everyone involved in the program, including program administrators, service providers, and participants, must maintain a clear understanding of that goal.

We believe a strong, employment-oriented program would provide an important step toward implementing a time-limited welfare strategy. However, an effective time-limited proposal must have much more. It is crucial that employment-services be offered together with easily understood financial work incentives; and that the overall approach be truly based on the principle of mutual obligation, by which recipients have an equal responsibility for taking advantage of those incentives and supporting themselves and their families. California has already made substantial progress in reforming its welfare system to achieve these goals, and any national reform effort should take our experience into account. Governor Wilson has proposed to eliminate aid for able-bodied adults after two years, although the children would remain on aid and the adults would remain eligible for Food Stamps, Medi-Cal and child care. Unlike some of the federal proposals, this would apply to <u>all</u> able-bodied adults. This reform does not make the government the "employer of last resort". Instead, it relies on the recipient to replace the lost welfare income with a real job. Even a half-time minimum-wage job would be enough to replace the grant reductions we are proposing for able-bodied adults on aid over two years.

In addition, one of the broad goals that the President has laid out for national welfare reform is to ensure that families with working heads of household are not poor. You will likely be considering a variety of strategies to accomplish this purpose. In California, Governor Wilson's welfare package has already achieved this goal. Specifically, our federally approved statewide demonstration project increases work incentives in the AFDC program and allows working recipients with even minimum wage jobs to retain enough of their earnings so that, when combined with food stamps, their AFDC grant and Earned Income Tax Credit, they will have spendable incomes substantially over the federal poverty level, even after taking into account work expenses. Despite the fact that litigation has recently threatened these important waivers, the Governor and I remain firmly committed to these programs and believe that they will be continued.

We have also greatly expanded available day care and expanded resource limits to encourage recipients to save for their futures. In addition, we have put in place a major new program to help pregnant and parenting teenagers finish high school, avoid further pregnancies, cement relationships with their own parents and the fathers of their children and take steps to ensure adequate health care for their families. This new program, known as Cal-Learn, will combine financial rewards and penalties with case management and supportive services to encourage teen parents to stay in school and prepare for a better future.

There are fundamental differences between California's welfare reform strategy and the proposals at the federal level. We believe that there can be a mutual obligation between the AFDC recipient and the government, but that to achieve it fully we have to reject the philosophy of entitlement, which places all the responsibility with government. Unfortunately, most of the federal proposals seem to spring from a willingness to leave the balance of responsibility in welfare and the role of government substantially unchanged. These proposals would replace the existing entitlement with one even more expensive to the taxpayer and arguably no better for the recipient by calling for government to be the employer of last resort. The most significant implication of President Clinton's approach is that, given the cost of providing government-subsidized jobs, it must be severly limited in terms of the population affected. The costs associated with creating and monitoring work slots would preclude a large scale application of this provision. In contrast, Governor Wilson's strategy would apply to <u>all</u> able-bodied adults, would provide strong incentives for recipients to enter the <u>real</u> workforce, and would provide significant welfare savings to local, state and federal taxpayers.

People of good faith can always disagree on philosophy. Congress and the President may or may not be able to agree on a federal strategy for welfare reform. But I urge you, to leave room for innovative states like California to find their own solutions and not to lose sight of the reality that our proposals constitute a substantive and powerful alternative to "welfare reform as we know it".

Thank You.

Chairman FORD. Thank you very much.
Dr. Burbridge.

STATEMENT OF LYNN C. BURBRIDGE, PH.D., DEPUTY DIRECTOR, CENTER FOR RESEARCH ON WOMEN, WELLESLEY COLLEGE

Ms. BURBRIDGE. I will just speak from my written testimony in the interests of time. I am speaking as someone who has done a lot of research on issues affecting low-income women and the employment of low-income women.

I think one of the most interesting historical phenomena of the second half of the century has been the huge increase in women working in the labor market, and this has resulted in extreme change in our expectations for women which has had implications for welfare. It was not always the case that women on welfare were expected to work and this partly reflects the growth of women in the labor market overall.

But in spite of the gains women have made in the labor market overall, there is plenty of research evidence that suggests that low-income women have not made significant gains, that women with few skills have actually experienced deteriorating wages. And so not only is it difficult for them to find jobs that lead into independence, but it has become harder over time.

I think in the past 12 years or so that I have looked at welfare, there has been increasing recognition of this. You didn't see as many people talking about child care and health care and income supplements not so many years ago. That we talk about it now is a recognition of the difficulties faced by those in the low-wage labor market.

But there is considerably more disagreement on the availability of jobs if we move to a system of moving large numbers of women into work whether the jobs will be there. Some people argue they will be. Some people argue that they will not.

In my view, there is going to be extreme differences from one place to the next. We have had people from the States talk about their need for greater flexibility as a result of their concerns that some States will be better able to meet the requirements of proposed legislation. And I think they have a legitimate concern, which is not to say that I don't believe in Federal standards or specific Federal requirements.

A second problem, however, is not the availability of jobs but the nature of jobs. While we have seen more jobs being created in recent years, we have seen that a lot of the jobs being created are temporary, are in the temporary labor market and in the part-time labor market. Many low-income women are also in firms that turn over quickly or that experience down periods when hours are cut.

This extreme instability of the low-wage labor market I think is a real problem for women in this market, and it speaks to the issue of providing income supplements through the earned income tax credit. Some mechanism must be available to smooth the month-to-month fluctuations in the earnings of many women rather than just reconciling their incomes at the end of year as is done with the current EITC.

Finally, I would like to share some results from my own research which is now in process but which I think may be relevant. It was not developed to focus specifically on welfare. But I have looked at historic trends in the employment of women in the labor market since 1950. And I divided the economy into three sectors. The government sector, what I call the third sector, which consists of nongovernmental employees in human services industries such as health, and social services, education, and so on; and then the for-profit sector, which is the remainder of the economy. The third sector is like the nonprofit sector, it is just more—it is a little bit bigger in that it covers all nongovernmental workers in these industries. I have attached the industries I examined to the end of my written testimony.

Overall, women have greatly benefited by growth in human services and, therefore, growth in government and in the third sector. This has been particularly true for African-American women and Native American women.

I have particularly presented data on those occupations that many welfare recipients will go into like servicework and clerical work. Fully 60 percent of African-American women who are serviceworkers are in government or in the third sector and 50 percent of American Indian women who are serviceworkers are in these two sectors. For other groups, the percentages are 33 to 39 percent. Among administrative support workers, clerical and secretarial workers, a little more than 50 percent of black and American Indian women in this occupation are in government and in the third sector, compared to 33 to 38 percent of other women.

What this suggests is that there are many racial differences in where people are finding employment and I think this does have implications for welfare reform. I don't think it is an issue now, but when you talk about putting large numbers of women into the labor market, I think we need to think about what these differences represent and how they will affect the ability of different groups of women to find employment, particularly when we are talking about imposing time limits.

I think that employment growth in the human services sector—and I will wind up because my time is up—is slowing down. It experienced phenomenal growth, but governments are cutting back and nonprofits are cutting back and we need to look at what the opportunities are for finding jobs for people there, but we also need to look at how we can get people into the main sector, the for-profit sector which represents 70 percent of all the jobs in the economy.

Thank you.

[The prepared statement and attachments follow:]

TESTIMONY OF LYNN C. BURBRIDGE
CENTER FOR RESEARCH ON WOMEN
WELLESLEY COLLEGE

Chairman Ford and members of the Subcommittee on Human Resources of the Committee on Ways and Means, I would like to thank you for inviting me here today to talk about welfare reform.

There is a strong belief in the value of work among Americans of all races and income levels. Further, as women have entered the labor market in significant numbers in recent decades, there has been a growing expectation that women will work in the paid labor force in addition to the unpaid work they have always done in the home. Many women have welcomed the opportunity to earn their own money and the independence that comes with it.

The problem lies in providing low-income women, particularly those with few skills, with work opportunities that will truly make them independent and that will give them the financial resources to care for their families according to accepted standards of decency. Most women on welfare are single parents with low earnings potential and without the advantage of a second income in the household to supplement their own. Further, while women in general have made gains in earnings over time, the earnings of women at the low end of the income distribution have deteriorated in recent years.[1] Thus, not only is it difficult to provide poor women with work opportunities that can lead to economic independence, it has become harder over time.

It is for this reason that various legislative efforts have moved in the direction of providing additional support to women who leave welfare for work. Without the availability of health care, child care and various income supplements--such as the Earned Income Tax Credit (EITC)--a low-skilled woman who is the sole support of her family would not be able to maintain her family according to accepted standards of decency with her earnings alone. For example, cost-of-living studies have found that a minimally sufficient family budget for a working single mother with two children and child care expenses would require at least $9.00 per hour, which is considerably more than most welfare recipients can expect to earn.[2]

Probably the most contentious issues, however, is not the desirability of work or even the lowness of wages but the availability of work that will make it possible to truly become independent, even with all the supports and transitional benefits that are being proposed. Some have argued that there are simply not enough jobs of any kind to support a large infusion of poor women into the labor market. Others argue that jobs are there and that the economy can expand to accommodate large numbers of new workers. When we throw in a two-year time limit, finding out who is right or wrong becomes a very risky experiment, risky for the women involved and administratively risky as well.

In my view, the ability of the economy to absorb large numbers of poor women will vary greatly from place to place. While the President's bill includes many provisions to give the states flexibility in designing welfare-employment programs, ultimately

---

[1]. For example, see Rebecca Blank, "Outlook for the U.S. Labor Market and Prospects for Low-Wage Entry Jobs" and Gary Burtless, "The Employment Prospects of Welfare Recipients." Papers prepared for the Urban Institute Conference, "Self-Sufficiency and the Low-Wage Labor Market: A Reality Check for Welfare Reform," Washington, D.C., 1994.

[2]. Lawrence N. Bailis and Lynn C. Burbridge, Report on Cost of Living and AFDC Need and Payment Standard Options, prepared for The State of New Hampshire Committee for SB 153, 1991; Suzanne Helburn and John Morris, "Welfare Reform and the Adequacy of the Poverty Budget," in Proceedings from the First Annual Women's Policy Research Conference, Washington, DC: Institute for Women's Policy Research, 1989.

some states and jurisdictions will have greater difficulty in providing jobs for welfare recipients within this limit than others. Thus, a welfare recipient's ability to meet the requirements put on her by this legislation may depend, somewhat arbitrarily, on where she lives.

A second problem is not just the availability of jobs but the nature of these jobs.[3] I have argued in the past that it is the instability of the work facing many welfare recipients that may be a bigger barrier than the number of jobs or the earnings from them.[4] Many of these women may find jobs, but they are often part-time and temporary. In addition, low-paying firms turnover frequently or experience down periods when hours are reduced or staff is temporarily laid off. Thus, the stream of earnings is often erratic. While the current EITC can compensate for this in the long run, month-to-month fluctuations in earnings are still an extreme hardship for women who are living on the edge of subsistence.

There may be ways of adjusting for these month-to-month changes. Results from the New Hope Project in Milwaukee, for example, may provide some insights into how much of an issue this may be and the administrative costs in designing a system that will make it possible to smooth over jumps and fluctuations in income that are expected to occur. In the meantime, however, a single, low-income woman in the labor market may find her life, and those of her children, cycling between feast and famine, with only the possibility of settling accounts at year's end with the EITC.

Finally, I would like to share with the subcommittee results from some of my own research which may shed some light on this subject and that also suggests important racial differences in employment.[5] As I noted earlier, there has been a tremendous growth in the employment of women throughout the U.S. economy. I examined historical trends in employment by race and sex in three sectors: the government sector, the for-profit sector, and the third sector. I defined the third sector as made up of those workers in a variety of human service industries who are not government workers; for example, non-governmental health care workers, non-governmental welfare workers and so on. Those in the for-profit sector are non-governmental workers in the rest of the economy; for example, in manufacturing, retail trade and so on. (See attached tables for a listing of the industries designated as third sector and for-profit industries.)

Overall, women benefitted greatly from the growth in government (federal, state, and local) and growth in the third sector. The expansion of services meant more jobs for women of all races. African American women and American Indian women have been particularly reliant on government and third sector employment, however. I have presented data for 1990 for administrative support

---

[3]. For example, see Heidi I. Hartmann and Roberta Spalter-Roth, "The Real Employment Opportunities of Women Participating in AFDC: What the Market Can Provide," in Women and Welfare Reform: Women's Poverty, Women's Opportunities, and Women's Welfare, Conference Proceedings, Washington, D.C.: Institute for Women's Policy Research, 1993.

[4]. Lynn C. Burbridge, "Welfare in a World of Income Instability," in Women and Welfare Reform: Women's Poverty, Women's Opportunities, and Women's Welfare, Conference Proceedings, Washington, D.C.: Institute for Women's Policy Research, 1993.

[5]. Lynn C. Burbridge, Government, For-profit, and Third Sector Employment: Differences by Race and Sex, 1950 to 1990, Center for Research on Women Special Report CRW-8, Wellesley, MA: Center for Research on Women, Wellesley College, 1994.

(e.g. clerical and secretarial) and service workers. These are the fields that most welfare recipients can go into. (See Table 2.)

Fully 60 percent of African American women who are service workers are in government and the third sector. Fifty percent of American Indian women who are service workers are in these two sectors. Between 33-39 percent of white, Asian, and Hispanic women who are service workers rely on these two sectors.

The same pattern is found for administrative support workers, although less dramatic. A little more than 50 percent of black and American Indian women who are administrative support workers are in government and the third sector. From 33 to 38 percent of other women are in these two sectors.

What this suggests is that African American and American Indian women have had more difficulty finding employment in the for-profit sector than have other women. It is important to remember that the for-profit sector (as defined in this research) provides more than 70 percent of all jobs in the economy and 64 - 66 percent of all administrative support and service jobs.

My research has not progressed to the point of sorting through the reasons for these differences. Nevertheless, the implications for welfare reform are clear. While government and third sector firms have been important employers of welfare recipients in the past, there are reasons to believe that employment growth will not continue as it has in the past. Governments at all levels are reducing their payrolls, as are many non-profit human service agencies. The one exception is the health care industry which is projected to expand, although not without serious attempts by government to contain growth in that industry as well.

Keeping this in mind, I worry about welfare reform measures that will require large numbers of women to find permanent long term jobs that do not take into account racial differences in where women have traditionally found jobs. It should be noted, that these racial differences persist in other occupations as well and have shown no sign of diminishing over time. It is extremely important to take a long term view of changes that are occurring in the labor market and how that may affect the opportunity structures available to women who are currently on welfare or who are vulnerable to welfare receipt in the future.

It is my feeling that the long period of growth in the human services is coming to an end and that the for-profit sector will continue to be the primary employer of men and women of all skill levels. Differential access to this sector may produce differential success in leaving welfare. Whether this does occur, however, depends on a variety of factors: how quickly welfare reform measures are implemented, how many women will enter the labor market as a result of these measures, and how individual firms and employers respond to this infusion of new workers.

I think it is extremely important that any new legislation consider the implications of these differential employment patterns. Once legislation is passed, I think it will be extremely important to track program results, particularly the kinds of job placements that are made. Finally, I think it is extremely important to obtain the input and assistance of those on the community level. They often have a much clearer picture of the labor market and of how it operates for different workers.

Table 1. Third Sector and For-profit Industries, 1990

Third Sector Industries (Non-governmental workers classified as third sector)	For-Profit Industries (Non-governmental workers classified as for-profit)
Hospitals	Agriculture, forestry and fisheries
Convalescent institutions	Mining
Health services	Construction
Legal services	Manufacturing
Elementary and secondary schools	Transportation, communications, and other public utilities
Colleges and universities	Wholesale and retail trade
Libraries	Finance, insurance and real estate
Educational services	Business and repair services
Child day care services	Personal services
Family child care homes	Entertainment and recreation services
Noncommercial educational and rehabilitation services	Offices of physicians
Job training and vocational rehabilitation services	Offices of dentists
Not specified educational services	Offices of chiropractors
Museums, art galleries, and zoos	Offices of optometrists
Religious organizations	Offices of health practitioners
Welfare services	Engineering and architectural services
Residential welfare facilities	Accounting, auditing, and bookkeeping services
Nonprofit membership organizations	Business, trade and vocational schools
Labor unions	Management and public relations services
Miscellaneous professional and related services	

Table 2. Distribution of Administrative Support and Service Workers Among Sectors by Race and Sex, 1990

	Administrative Support	Service Workers
FEMALES		
American Indian		
Government	36.9	22.9
For-Profit	50.8	50.6
Third Sector	12.3	26.5
Asian		
Government	20.6	11.3
For-Profit	66.6	67.2
Third Sector	12.9	21.6
Black		
Government	33.4	20.9
For-Profit	51.5	40.5
Third Sector	15.1	38.6
Hispanic		
Government	23.2	13.0
For-Profit	61.7	62.9
Third Sector	15.1	24.1
White		
Government	17.3	11.0
For-Profit	67.0	61.4
Third Sector	15.7	27.6
MALES		
American Indian		
Government	39.2	26.8
For-Profit	54.4	61.6
Third Sector	6.4	11.6
Asian		
Government	29.3	8.5
For-profit	61.9	82.2
Third Sector	8.8	9.3
Black		
Government	34.3	19.8
For-Profit	58.3	63.8
Third Sector	7.4	16.4
Hispanic		
Government	21.6	9.4
For-Profit	72.8	81.8
Third Sector	5.6	8.9
White		
Government	23.9	13.0
For-Profit	69.9	74.2
Third Sector	6.2	12.8
Total		
Government	21.0	13.3
For-Profit	65.6	64.0
Third Sector	13.4	22.7

Note: Data for wage and salary workers in the labor market. Data for service workers exclude private household workers and protective service workers.

Chairman FORD. Thank you very much.
Dr. Wallace.

STATEMENT OF JOHN W. WALLACE, PH.D., VICE PRESIDENT AND REGIONAL MANAGER, MANPOWER DEMONSTRATION RESEARCH CORP.

Mr. WALLACE. Thank you.

I am John Wallace, vice president of the Manpower Demonstration Research Corp.

The overall point I would like to make today is that the various proposals under discussion to time-limit welfare and follow it with work are both tough and extraordinarily ambitious. If enacted, they would represent the most radical reform of welfare since its establishment nearly 60 years ago.

I would like to identify three core challenges, each of which is itself daunting. The first challenge is to create and fill a sufficient number of community service jobs. Creating jobs on a large scale is a task that no public agency has undertaken since CETA expired over a decade ago. Further welfare staff will have to find acceptable job matches between the welfare recipient and the agency providing the jobs. The hiring process could leave many recipients, particularly the most disadvantaged among them, without community service positions.

The second challenge is to run high-performance JOBS programs in order to reduce the number of recipients hitting the time limit and needing community service jobs. This represents another major system reform.

Six years after the JOBS program was authorized, we now have strong evidence that, at its best and given resources to work with the entire mandatory caseload, the JOBS program can have strikingly positive results for most welfare recipients, including very long recipients and those with low literacy levels. It could also be an unusually smart investment for taxpayers, as Eloise said, paying them back nearly triple.

If one agrees that running more effective JOBS programs is a critical ingredient in any time-limited welfare plan, then the lessons from the most successful program studied to date in Riverside County, Calif., could serve as a springboard to broader success for JOBS programs, but adopting the lessons from Riverside would take substantial time and resources.

The information from the Riverside JOBS program is nevertheless sobering as well. Even though Riverside reduced the proportion of recipients who would have reached the 2-year limit, still about half would eventually have needed community service jobs. The proportion might be less in the context of new policies such as the EITC or time limits themselves, but the number of jobs needed would almost certainly be large, even in Riverside.

Finally, the third challenge comes if you decide to target younger members of the caseload. The goal of preventing long-term dependency among the young is unquestionably critical to pursue. Yet, this would likely require the greater up-front investment, largely to the exclusion in the first few years at least of other groups that can benefit substantially from JOBS.

Importantly, we know very little about effective services for this population, and it is unclear how the younger members will fare in the hiring process for community service jobs. By definition, they will often be the least employable and most disadvantaged, and therefore especially vulnerable to the tough demands and sanctioning rules in many of the proposals being considered.

Taken together, these challenges raise a basic question of feasibility. Can local welfare agencies successfully undertake more than one major reform effort at the same time? Assuming time limits, other alternatives may offer more realistic approaches to increase the chances for success.

One first option might be to select a number of "lead communities" across the country to implement time limits, and these locations would have to operate high-performance, effective JOBS programs followed by community service, and their experiences and lessons could be used by other locations for national implementation.

A second option might to be ensure that the front end is in place and working well before the back end starts up. Under this option, fully funded State JOBS programs would provide services to and enforce participation requirements on their full mandatory caseloads, and they would be required to adopt employment strategies of proven effectiveness. Once JOBS was working well, the time limits could be phased in for different segments of the caseload.

The third option recognizes the very strong intellectual and social policy rationale for focusing on young mothers at the outset, but it must be balanced against the likely realities of real-world implementation.

Given the importance of having a strong foundation of success, it may be wise as the third option to consider beginning with a broadly targeted phasein strategy that does not focus exclusively on young single mothers. Placing a broad range of welfare recipients in community service jobs may be a smart short-term strategy for success which can be built upon.

Finally, regardless of phasein, it seems critical to learn as soon as possible what works for the disadvantaged younger mothers, high school dropouts, as well as those with very young children, which would provide JOBS programs with clear guidance where very little currently now exists.

These alternatives and others would give State and local welfare agencies a reasonably ordered plan and timeframe for implementing massive change, one major reform at a time, and it would allow for thoughtful midcourse assessments and adjustments.

Thank you.

[The prepared statement follows:]

TESTIMONY OF JOHN W. WALLACE
MANPOWER DEMONSTRATION RESEARCH CORP.

Good afternoon. I am John Wallace, Vice President and Regional Manager for the Manpower Demonstration Research Corporation (MDRC). I appreciate having the opportunity to address the Subcommittee today as it considers proposals to reform the welfare system by giving welfare recipients a maximum of two years of education, employment and training services, after which, if they are not working in a regular job, they would receive no support unless they worked in a community service job created by the government.

Much of what I say draws directly on two recently published sources: first is an article entitled, "The Route to Welfare Reform," written by MDRC President Judy Gueron for *The Brookings Review*. The second is MDRC's final report on California's ambitious JOBS program, called GAIN; the report is entitled, *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program*, by James Riccio, Daniel Friedlander, and Stephen Freedman.

Summary

The overall point I would like to make to you is that the various proposals under discussion to time limit welfare and follow it with work are tough and extraordinarily ambitious. If enacted, they would represent the most radical reform of welfare since its establishment nearly 60 years ago. Any one of them would demand unprecedented change in the welfare system.

I say this because the proposals confront two, and possibly three, core challenges, each of which is itself enormous – and sobering. Meeting them will require sharply expanded levels of resources for welfare employment programs and unparalleled changes in public institutions and people in a short period of time.

The first challenge is to create a sufficient number of useful and acceptable community service jobs that will be required for those who reach the end of the time limit. The research evidence, based on limited experience in creating jobs on a large scale, is mixed. The second challenge is to run far more effective JOBS programs during the initial two-year window-of-opportunity for services. This challenge must be met in order to reduce as much as possible the number of people reaching the time limit and requiring community service jobs. Indeed, many would argue that operating high performance, employment-oriented JOBS programs is a precondition for a successful time-limited welfare system. There is some strong, credible guidance on how to do this for most segments of the welfare population, but even with the best efforts, many will still reach the time limit. The third major challenge comes if the phase-in of time limits begins with recipients under age 25, since this targeting strategy will likely significantly complicate both the pretime-limit JOBS program and the posttime-limit community service program.

Alone, each challenge is daunting:

- Creating community service jobs after the time limit, and placing welfare recipients in them. Working with public and private agencies to create the large number of community service jobs that are almost certain to be required under a time-limited welfare plan is itself major welfare reform. It is a task no welfare or other governmental agency has undertaken since the public service employment program under CETA expired over a decade ago. Those that have operated since then have been small in comparison to what we can reasonably anticipate under time-limited welfare. On a massive scale, a range of hard issues will have to be confronted: work standards, working conditions, work hours, infant and child care arrangements, transportation, supervision and training, substitution rules, new management and data systems, new monitoring systems, new payment systems, union negotiations, union agreements, and many other political and operational issues that each local welfare agency will have to address in the context of its own local environment.

  But that is just half of this first challenge. The other part will be the need for welfare staff to find acceptable and appropriate job matches between the welfare recipient and the agency providing the job slot. These agencies will decide whom to hire and, later, whom to retain or let go, without interference from the welfare agency. The selection process used by agencies providing the community service slots could leave many recipients – and possibly the most disadvantaged among them – without community service positions.

- Operating effective JOBS programs before the time limit. Learning how to run high performance JOBS programs is an equally imposing challenge that continues along another, very different, track of welfare reform. In 1988, the Family Support Act was passed. Complicated and demanding, it called for substantial institutional change in order to implement a new vision of the responsibility of both parents to support their children. The centerpiece of the act, the Job Opportunities and Basic Skills Training Program (JOBS), was intended to require that about half of the heads of welfare families, largely single mothers, participate in education, employment, and training services leading to work. Participation in the program was to be mandatory, with financial penalties for nonparticipation.

  Six years later, we now have strong, credible evidence that -- at its best, and given enough resources to work with the entire mandatory population -- the JOBS program can have strikingly positive results for most groups of welfare recipients, ranging from very long-term recipients and those with low literacy levels to short-term recipients and new applicants. It also can be an unusually smart investment for the taxpayer, paying them back nearly triple their investment and actually saving the government money in the process. If one agrees that running more effective JOBS programs is a critical ingredient in any time-limited welfare plan, then the lessons from the most successful program studied to date (in Riverside County, California) could serve as a springboard to broader success for JOBS programs. A serious effort by welfare agencies across the country to adopt and adapt the successful approaches could well have substantial benefits for welfare recipients and savings for the government -- but it would take time.

  The information from Riverside's JOBS program is nevertheless sobering as well. Riverside reduced by over 7 percentage points (from 55.7 percent for the control group to 48.2 percent for GAIN enrollees) the proportion of recipients who, over a 4-year period, would have reached a two-year time limit. While this is an important accomplishment -- and although some of these recipients may also have been working at the two-year point -- it still means that around half would eventually have reached a two-year limit. The proportion might be less than half in the context of time limits and changes in recipients' expectations of welfare, especially when combined with enhanced child support enforcement, an expanded Earned Income Tax Credit (EITC) and national health care. But even assuming a high degree of synergy among these simultaneous policy changes, as well as the operation of the most effective JOBS programs, it can be expected that a sizeable proportion of recipients will nevertheless require government-created jobs.

- Targeting Younger Mothers. Finally, the third challenge is providing effective JOBS services and community service slots for younger members of the caseload (e.g., those under age 25). This targeting strategy is virtually certain to make implementation of time-limited welfare more complex. The goal of preventing long-term dependency among the young is unquestionably critical to pursue. Yet we need to recognize at the outset three important issues if we begin by focusing exclusively on this group.

  First, it would likely require the greatest upfront investment, largely to the exclusion, in the first few years, of services to other groups who we know can benefit substantially from JOBS. Second, we know little about effective services for this population. The research evidence is mixed and difficult to draw firm conclusions from. On the one hand, we have few examples of programs of proven effectiveness in serving younger mothers with very young children (under age 3), and no programs with a track record of success with the most disadvantaged younger mothers -- those who are high school dropouts. On the other hand, there is clear evidence suggesting that Riverside's approach succeeded with a broader group of younger mothers with children age 3 and above. Hence, there is limited guidance on what works overall for this population. The third key issue in focusing on this group relates to their ability to secure a community service slot: it is unclear how the younger mothers who were unable to find regular jobs before the end of the two-year time limit will fare in the selection and hiring process for community service jobs after the two-year time limit. By definition, they will often be the least employable and most disadvantaged -- and therefore especially vulnerable to the tough demands and sanctioning rules in many of the proposals being considered.

Taken separately each of these three challenges is enormous in its own right and would take several years to accomplish. However, for time-limited welfare to work, at least the first two challenges – creating community service positions and significantly improving the JOBS program – must be met simultaneously. Taken together, serious questions of feasibility must be raised: Is it reasonable to expect local welfare agencies across the country to be able to successfully undertake two major reform efforts at the same time? Many would argue that developing the community service jobs will require the full attention of welfare agencies, and that as a result, efforts to improve JOBS will suffer, putting even greater pressures on the community service component. Finally, given the enormity of these two tasks, a plan to phase-in those subject to the time limit seems only prudent, but one might not want to begin with an exclusive focus on the younger members of the caseload.

Other alternatives, or combinations of them, may offer more realistic approaches to implementing time limits, phasing-in the enormous burdens on welfare agencies, and maximizing the opportunities for early success which could be built upon. These alternatives recognize and attempt to address the magnitude of institutional change required, the basic questions of feasibility, the knowledge we have, and the information we lack. Each of them also assumes a world of time-limited welfare followed by work.

- "Lead communities." The first option might be to select a number of "lead communities" across the country to implement time limits. These locations would have to be operating, or committed to making swift changes in order to operate, high performance, effective JOBS programs, followed by community service. Their experiences and lessons could be used by other locations for subsequent, large-scale implementation.

- "JOBS-First." The second option might be to ensure, as much as possible, that the front-end is in place and working well before the back-end starts up. Under this option, State JOBS programs would be fully funded to enable them to provide services to – and enforce a participation requirement on – their full mandatory caseloads, and they would be required to adapt and adopt employment strategies of proven effectiveness. By a date certain – or earlier, if they reached a certain threshold – the time limits could be phased in for different segments of the caseload.

- Broad-based targeting during phase-in. There is a very strong intellectual and social policy rationale for focusing on young mothers at the outset. However, this must be balanced against the likely realities of real-world implementation. Given the importance of having a strong foundation on which success can be built, it may be wise to consider beginning with a broadly targeted phase-in strategy that does not focus exclusively on young, single mothers, for two main reasons. First, a broad-based approach will provide an opportunity to learn ways to address the different issues that are likely to confront the younger mothers and other segments of the caseload. This experience may be especially important for the community service component. Second, placing a broad range of welfare recipients in community service jobs, and not only the younger group, may be a smart strategy to secure success in the short-term. Beginning exclusively with younger mothers – who, as noted above, are likely to have the youngest children, the least work history, the greatest barriers, and be the least employable – runs a serious risk of alienating the agencies providing the community service slots. Gradually bringing in the younger population, mixed with others who confront fewer barriers, may be a wiser route to achieving the same social policy goal.

- Learning what works for the most disadvantaged younger mothers. Regardless of the phase-in plan, it seems critical to learn as soon as possible what works for the most disadvantaged younger mothers – high school dropouts – as well as those with very young children so that, when turning to this population, JOBS programs will have clearer guidance where very little currently exists.

Importantly, these options would not radically alter the time frames presented in various proposals. Early on, most of these options could well capture the potential synergistic interactions mentioned earlier – that is, among the message of two-year limits, the enhanced EITC, enhanced child support enforcement, and possibly national health care. (We have seen, for example, that already the message of time limits, even before passage, is affecting the behavior of welfare administrators and recipients.) The alternatives would also give state and local welfare agencies a reasonable, ordered plan and timeframe for implementing massive

change, one major reform at a time, and it would allow for thoughtful mid-course assessments and adjustments.

The Overall GAIN Results

I would like to turn to the evidence we now have to support my summary statements about California's GAIN program and Riverside County's results. These results have not been presented to your subcommittee before today. I would like to point to several key findings that I will briefly summarize here. I will address the overall findings, and then turn to the exceptional ones.

First, the three-year findings provide convincing evidence that welfare employment programs for single mothers offering a combination of job search, education, and skills training can increase the earnings of welfare recipients and save government tax dollars at the same time. Over the six counties, average earnings for those enrolled in GAIN compared to a control group were 22 percent higher, and welfare payments were 6 percent lower. In all counties, the impact on earnings grew or held steady in each of the three years of follow-up in spite of deteriorating economic conditions, and we believe they will continue to grow or hold steady into -- and in some cases, perhaps beyond -- the fourth year.

Second, different counties experienced success with some of the most disadvantaged segments of the welfare population, although not all counties succeeded with all groups. For example, for long-term recipients (who had not fared well in prior programs), three counties realized sizeable three-year impacts and four had significant levels of welfare savings. Alameda County, where the City of Oakland is located, served largely inner-city, long-term recipients, and raised their earnings by 30 percent. Similarly, for those with low levels of literacy, three counties had substantial earnings increases, and five recorded welfare savings.

Third, welfare recipients were financially better off as a result of GAIN in nearly all of the counties. Five of the six counties recorded reductions in poverty. Such statements could not be made about most welfare employment programs of the 1980s, where recipients typically ended up about even. Further, in spite of significantly higher costs than the simpler programs of the 1980s, the GAIN program in two counties proved to be cost-effective for the government as viewed from a strictly fiscal perspective; one additional county broke even. This evidence shows that it can be wiser -- for budgetary reasons alone -- for the government to operate than not operate this program. This is an unusually stringent test to apply to any government program.

Fourth, welfare recipients themselves by and large viewed the program positively. When asked about GAIN two-to-three years after enrollment, two-thirds of recipients thought that a mandate to participate in the program was a good or a very good idea; three-fourths did not agree with the statement that "making welfare mothers work if they don't want to is bad for their children." Two-thirds rated their lives better or much better than it was two years earlier, and just over two-thirds would strongly encourage a friend to enroll in the program. These findings are important in part because they can help to correct misimpressions of the welfare population, and in part because they indicate, in some counties, effects directly attributable to the GAIN program.

Finally, the general findings also show that welfare employment programs alone are not going to end the need for welfare or greatly reduce poverty. While over the three years GAIN consistently increased the proportion of those working and reduced the proportion on welfare, only about 40 percent had a job at any point during in the third year, and over half (53 percent) were on welfare at then end of the third year. Perhaps more concerning, even though GAIN reduced the rate of poverty in the third year, just a fifth of those studied had incomes above the federal poverty level.

Riverside's Results

As you know, the findings from the first two years of follow-up clearly identified Riverside as an early leader and superior performer to watch carefully over a longer period of time. Would their impacts hold up, especially for the more disadvantaged and the longer-term welfare population? How would recipients view their lives two or three years after enrollment? Would Riverside's approach benefit recipients or be cost-effective for the government? And, finally, What is the final assessment of the Riverside approach, and is it replicable? I'd like

briefly to summarize for you the answers to the first three questions and then turn to the last one at more length.

The three-year results confirm that Riverside is the most successful large-scale welfare-to-work program that has been rigorously studied to date. We knew from previous reports that it substantially increased earnings and saved welfare dollars. We now know that Riverside also returned nearly $3 for every net dollar the government invested. It did so in part by increasing recipients' earned income by nearly 50 percent over three years (compared to a control group), in part by producing a 15 percent rate of welfare savings over the same period, and in part by operating the lowest-cost program of the six counties (but one that was, at a net cost of about $1,600 per enrollee, notably higher than the mandatory welfare-to-work programs MDRC has studied in the past decade). Further, the analysis showed that both welfare recipients and the larger society ended up substantially ahead. Riverside alone had a significantly positive impact on the proportion of enrollees who rated their life as a whole better than it had been two years prior, in comparison to the control group.

Riverside succeeded with nearly all segments of the mandatory caseload, including very long-term recipients who had been on welfare continuously for at least six years, those with low literacy skills, single mothers with preschool children ages 3-5, and nearly all ethnic groups. It also succeeded with the less disadvantaged, such as new applicants and short-term recipients. Indeed, as the report authors note, it is both the magnitude and the consistency of Riverside's impacts that stand out.

Riverside's approach, however successful, is nonetheless not a panacea for ending welfare dependency or substantially reducing poverty. Nearly half of the GAIN participants were on welfare at the end of two years after enrolling in the program. More than half did not work at all in the third year. And while Riverside produced a statistically significant reduction in poverty among its enrollees in the third year (19.4 percent for the enrollees vs. 15.7 percent for the control group), four-fifths of the Riverside enrollees had incomes below the poverty level (in the third year).

Riverside's Approach

What, then, is the "Riverside approach?" In many ways, it is both simpler and more complex than is widely appreciated or understood, and across many program dimensions.

Above all, Riverside staff repeatedly and consistently relayed two messages to recipients and built their services, staffing, and management systems around reinforcing and supporting these messages at all levels throughout the organization and within other agencies with whom they worked.

- Employment. Riverside emphasized that the goal of the program was employment in any job, even a low-wage job. This message was conveyed positively – focusing on the value of work not only monetarily but in terms of the enhanced self-esteem derived from working, and the guiding role model a working parent provided her children. Better jobs, in this message, could be gotten after success on the first job, when there was a resume and work history to build on.

  It is notable that this message was clearly "heard" by their enrollees: two to three years after enrolled in GAIN, over half of them (52 percent) strongly agreed with the statement that, "Even a low-wage job is better than being on welfare" -- a significantly greater percentage than those in the control group who strongly agreed with the statement (43 percent). It is also reflected in the fact that the average wages of those Riverside enrollees who worked were, at $5.79 an hour, well above the minimum wage but somewhat lower than those in the control group who worked (and who earned, on average, $6.20 per hour).

  Riverside also went well beyond the "message" and put in place staffing patterns and management systems and procedures to support the message. Job developers spoke at strategic group sessions with clients; they established close linkages with employers and employer organizations; and they found jobs for people. Case managers, called "Employment Service Counselors," were expected to meet monthly job placement and other standards that served as the basis for salary increases and promotions. Supervisors and regional office managers had similar

expectations. The entire office staff, from clerks to the GAIN director, sought out jobs leads and reported them to staff and clients. The culture in the GAIN offices was extraordinarily employment-focused.

In spite of this focus, however, Riverside was far from a job-search-only program. Overall, it had nearly equal levels of participation in education and training services and job search. But it did not place a high premium on post-secondary education or simply attending education programs. Progress had to be made, and this was reinforced in two ways: Riverside largely paid education agencies for actual education gains of its recipients, and recipients were pulled out of basic education classes if they were not making progress. Where did they go? ...to job search.

- Participation. The second message was that, in return for welfare benefits and GAIN services, enrollees were expected to participate in good faith, and were more readily sanctioned than in most other counties. Extensive reporting monitoring systems were established with outside agencies providing GAIN services – weekly reporting in most cases, daily in some. Quick action was taken to contact absent recipients to determine the nature of their problem and to assess its seriousness and validity.

  But Riverside's was not what one might call a "punitive program." Although about a third of the enrollees received some form of verbal or written warning, about half were excused at least temporarily from classes for reasons staff thought were legitimate, and just over one in 20 actually had their grant reduced. Although this is somewhat higher than most of the other GAIN counties, it is a lower rate than many other programs that have been studied. Further, over three-fifths of the enrollees said they'd strongly recommend the program to a friend. Together, these findings do not suggest that Riverside established a threatening or oppressive atmosphere.

- Saturation. In addition to these two messages, an additional factor was judged to be critical to Riverside's success: Riverside had enough resources to serve its entire mandatory population. Part of this was due to their management practices and strategies, and part due to the attention paid to cost, but the bottomline is that they served everyone targeted for services and did not choose to serve the most advantaged. While this was true of other counties in the GAIN study, only Riverside saturated its caseload and both delivered and implemented the two key messages on employment and participation.

Other counties enjoyed successes with certain key groups from which lessons might be learned: Alameda (Oakland) had sizeable earnings impacts (although no welfare savings) for the more literate segment of its long-term caseload, for whom they provided post-secondary education and training; San Diego had both sizeable earnings increases and welfare savings for the same group; Butte had both large earnings increases and welfare savings for the less literate portion of its caseload. But Riverside alone produced both earnings impacts and welfare savings for these and most other key subgroups.

The Implications of Riverside for Time-Limited Welfare

The sobering results from Riverside suggest that, even under the most successful program, a large number of public jobs will be needed. But the success of Riverside clearly sets a standard of performance and a challenge to JOBS programs across the country. Two main questions arise: Can Riverside's management practices and services strategies be successfully replicated or adapted in other locales, where the characteristics of the welfare population and labor market are considerably different? If they can be adopted, will they achieve the same level of success?

Although the GAIN report concludes that neither Riverside's job market nor its population were the driving factors in its success, it is not certain that its approach, if implemented elsewhere, would have the same impacts, particularly in large, urban, inner-city areas with high concentrations of poverty and limited numbers of jobs, yet where a large proportion of the national welfare caseload resides. Regardless, adapting Riverside's approach would seem to carry very limited risks for JOBS programs and welfare recipients – in part because there is no evidence that other approaches have worked better in other areas, in part

because it carries the promise of substantial success, and in part because nothing in Riverside's approach seems particularly counterintuitive, out-of-the-ordinary, or magical. Attempts to replicate or adapt Riverside's approach may represent, at worst, a "do-no-harm" approach. At best, it may transform welfare employment programs and bring about high levels of JOBS program success to a national scale.

Finally, in the context of time limits followed by mandatory government-created work, Riverside's strong, upfront employment-oriented approach seems to be a logical corollary and necessary precondition. The clear challenge to federal and state policymakers is to provide to local welfare offices the incentives, technical assistance, and training that can enable them to undertake the transformation, adaption and replication.

Chairman FORD. Ms. Aviv.

STATEMENT OF DIANA AVIV, DIRECTOR, WASHINGTON OFFICE, COUNCIL OF JEWISH FEDERATIONS

Ms. AVIV. Thank you, Mr. Chairman. My name is Diana Aviv. And I am——

Chairman FORD. Pronounce the last name.

Ms. AVIV. Aviv. And I am the director of the Washington Action Office of the Council of Jewish Federations. I appreciate the opportunity to testify here today on some of the financing provisions contained in the many welfare reform bills that have been produced in Congress.

The Council of Jewish Federations was founded in 1932 and is an association of almost 200 local federations in North America. These federations are the coordinators for the Jewish social service agencies across the country. They are central communal planning organizations that respond to significant human need in nearly 800 localities in the United States, in Canada and elsewhere in the world. The federated system represents the largest base of Jewish communal involvement and action in this country.

One of the central missions of the federated system has been the rescue and protection of Jews and others worldwide. The Jewish community has known only too well the consequences of being denied entry into this country and elsewhere, of feeling unwelcome and being strangers in the land of their birthright.

We have worked long and hard to oppose laws that have had the effect of restricting immigrants on the basis of national origin, and we have been active in the efforts to ensure that the United States remains true to its heritage and to its essence of being a land of immigrants that both welcomes families and makes it possible for newcomers to succeed and give back what has been given to them.

The Jewish community has been active in the great public-private partnership that has sought to have a fair and decent immigration policy and that provides safe haven for those fleeing persecution. We have worked closely with our friends in the Latino, Asian-American, Catholic and Protestant community, with labor and with many others to ensure that legal immigrants are treated fairly and equitably.

We have documented anecdotally and what has been definitively confirmed by the Urban Institute in May 1994, that the estimated $5.7 billion of welfare benefits used by immigrants who fall on hard times must always be seen against the backdrop of the estimated $70 billion they pay in taxes each year.

The Urban Institute study challenges the scientific basis of studies that previously overestimated the public cost of legal newcomers and documents that in the aggregate immigrants contribute at least $30 billion more in taxes to government coffers than they use in services.

I come before you today to speak not only on behalf of the thousands and thousands of Jewish immigrants and their families who will be profoundly impacted by the financing provisions in question, but also in the name of all of the other communities included in this coalition who have voiced concerns about the impact of limiting benefits to permanent legal residents.

I don't believe that I could count one among them who did not welcome the clarion call to reform the welfare system as we know it and to develop a program that would help welfare recipients move toward durable self-sufficiency. We also recognize that any serious welfare reform would be costly. But to rob from one low-income program to pay for another simply makes no sense to us. To deny or severely limit benefits to legal immigrants who are confronted with an unanticipated crisis that requires some public assistance in order to squeeze some additional funds for welfare reform seems to be unwise public policy.

There are those who believe that citizens who wish to bring their immigrant relatives to the United States should bear some responsibility for costs that might ensue once they are in the United States. And indeed they do. As you are aware, under current law, citizens wishing to reunite with their immediate noncitizen relatives have their income "deemed" or applied to the immigrant's income for 3 years if the legal newcomer needs to apply for food stamps or AFDC and 5 years for SSI. H.R. 4605 would permanently extend deeming for 5 years for SSI and food stamps and AFDC and would deem until citizenship sponsors whose income was above the national median income, regardless of the size of those families living on that income. Other bills cut even deeper, either by denying outright citizenship, or all of the 61 discretionary programs.

Most of those entering the United States through the family reunification program are elderly parents of citizen children who simply seek to live with their children and with their grandchildren. For more than 60 percent of these legal older immigrants, naturalization is all but impossible since they are unable to master English sufficiently well at their age to pass the exam for citizenship, and they find the morass they face when dealing with the bureaucracy within the INS daunting and, as a consequence, they never naturalize.

And so the denial of benefits until citizenship makes it virtually impossible for the children of these legal immigrants to sponsor their parents without becoming impoverished themselves. For others the denial of such benefits will most likely speed up the naturalization process and thereby reduce substantially the savings accrued by withholding benefits to those populations.

There is another grave danger spawned by these provisions. Right on the heels of national sentiment that is hostile to immigrants, such provisions have the effect of enshrining in law that legal immigrants are not really welcome in the United States, especially if they need help. Even if they "play by the rules" by applying and waiting their turn to come to the United States through the legal immigration process, they had better not get ill, better not become disabled, lose their jobs or have any kind of disaster befall them because there will be no safety net.

Nevertheless, such newcomers must pay their share of taxes, as so must their citizen children. These kinds of provisions make no distinctions between legal immigrants and those who are here illegally, and give form and substance to those who will close our doors to all legal immigrants.

In conclusion, I would say that within the $0.5 trillion per year of non-Social Security entitlement programs and the entire Revenue Code that is under the jurisdiction of the House Ways and Means Committee, surely there are other ways to finance welfare reform without eviscerating our legal immigration system.

[The prepared statement follows:]

Statement by Diana Aviv, Director of the Washington Office,
Council of Jewish Federations
before
the Subcommittee on Human Resources, Committee on Ways and Means
U.S. House of Representatives
August 9, 1994

Introduction

Thank you Mr. Chairman and members of the Subcommittee for the opportunity to submit written testimony before you today. My name is Diana Aviv. I am Director of the Washington office of the Council of Jewish Federations (CJF), a national organization representing 189 local Jewish Federations, central community planning organizations which coordinate Jewish social services for approximately 800 localities, embracing more than 6.1 million Jews in the United States and Canada. CJF has been the instrument of collective action as well as the national representative for the Federation movement. The Federated system represents the largest base of Jewish communal involvement and action in this country.

One of the central missions of the Federated system has been the rescue and protection of Jews and others worldwide. Today, after years of working closely with many Members of Congress and several administrations to win freedom for Soviet Jews, the Jewish community is working in partnership with the State Department and the federal Office of Refugee Resettlement to assist annually approximately 40,000 Jewish refugees from the former Soviet Union who emigrate to the U.S. to escape anti-Semitism and to reunite their families. On behalf of the U.S. Department of Health and Human Services, the Council of Jewish Federations has administered the Voluntary Agency Matching Grant program, which provides for basic refugee care and intensive up-front service delivery designed to enable refugees to attain durable self-sufficiency.

As a community, we are deeply appreciative of the opportunities this great country has given to those who seek refuge and a new beginning. We have worked long and hard to oppose laws that had the effect of restricting immigrants on the basis of national origins and have been active in efforts to ensure that the United States remains true to its heritage and to its essence of being a land of immigrants that both welcomes families and makes it possible for newcomers to succeed and give back what has been given to them.

But Mr. Chairman, the Jewish community knows what can happen when this country enacts policies that unleash xenophobic sentiments towards immigrants. We remember the consequences of a time when many of our nation's --indeed the world's -- problems were blamed on immigrants, when irrational fears caused us to turn away Jews who had no place else to go and to force loyal Japanese Americans into detention camps. Fifty-five years ago, Members of Congress, not unlike yourselves, in a committee not unlike this one, voted down a bill known as the Wagner-Rogers bill -- legislation that, if enacted, would have granted 20,000 German children refuge in the United States. The bill never made it out of committee, and those children, only half of whom were Jewish, never made it out of Germany. They suffered the same fate as those passengers on the Spirit of Saint Louis who were turned away from our borders that same year when entry to the United States meant the difference between life and death.

CJF in Coalition with Other National Organizations

Because of these experiences, the Jewish community has been active in the great public private partnership that has sought to have a fair and decent immigration policy, that provides safe haven for

those fleeing persecution. We have worked closely with our friends at the National Council of La Raza, the U.S. Catholic Conference and U.S. Catholic Charities, the Lutheran Immigration and Refugee service, the Japanese American Citizenship League, the Organization for Chinese Americans, the AFL-CIO to name just a few to ensure that legal immigrants are welcomed to this country.

I come before you today to speak not only on behalf of the thousands and thousands of Jewish immigrants and their citizen families who will be profoundly impacted by the financing provisions contained in most of the welfare reform bills currently before the Congress, but in the name of all of the communities included in this coalition, who have voiced concern about the impact of limiting benefits to permanent legal residents.

Research Documents Immigrant Contributions to U.S. Economy

We are also proud to be among those communities who are able to document, anecdotally and through numerous research efforts conducted by both conservative and liberal institutions, the net economic contribution made in the aggregate by legal immigrants to the United States. The estimated $5.7 billion of welfare benefits used by immigrants who fall on hard times must be seen against the backdrop of the estimated $70 billion dollars they pay in taxes each year. The Urban Institute study published in May of 1994 which challenges the scientific basis of studies that previously overestimated the public costs of legal newcomers has reported that in the aggregate immigrants contribute at least $30 billion more in taxes to government coffers than they use in services.[1] Moreover, recent data shows that legal immigrants are not heavy users of welfare. According to the Urban Institute, only 2.0% of non-refugee immigrants of working age who entered the U.S. during the 1980s received welfare income. Among working age native born Americans, 3.7% reported having received welfare income.[2]

More importantly, legal immigrants contribute significantly to national and local economies. For example, according to the Urban Institute study, nationally, immigrants create more jobs in the economy than they fill.[3] Similarly, the Department of Labor has indicated that immigrant entrepreneurs increase aggregate employment levels through higher self-employment rates than natives.[4] Immigrants have also helped to revitalize California's flagging economy by stimulating the state's housing market. According to the Wall Street Journal, these investments are likely to expand "California's net [revenue] outflow to Washington to as much as $25 billion this year."[5]

Pitting Vulnerable Populations Against Each Other

I don't believe that I could count one among this broad based community who did not welcome the clarion call to reform welfare as we know it and to develop a program that would help welfare recipients to move towards durable self sufficiency. We also recognized that any serious welfare reform effort would be costly if it was to provide the kind of assistance that would enable single heads of household to be viably self sufficient.

But to rob from one program to pay for another simply makes no sense to us. To deny or severely limit benefits in order to squeeze some additional funds for welfare reform to legal immigrants who are confronted with a serious unanticipated crisis that requires some public assistance, seems to be unwise public policy.

Implications of Immigrant-Related Financing Options

The cornerstone of America's immigration policy is family reunification. More than 520,000 of the approximately 700,000

legal immigrants who arrive each year are sponsored by relatives who are now citizens of the U.S.; many are the elderly parents of citizen children who simply seek to live with their children and grandchildren. There are those who believe that citizens who wish to bring in their immigrant relatives should bear some responsibility for costs that might ensue once they are in the U.S. And indeed they do. As you are aware, under current law citizens wishing to reunite with their immediate non citizen relatives, who first have to prove that they will not become a public charge, have their income deemed or applied to the immigrant's income for three years if the legal newcomer needs to apply for food stamps or AFDC, and five years for SSI. Federal law already bars undocumented aliens from almost all federal programs.

HR 4605 would permanently extend deeming to five years for SSI, food stamps, and AFDC, and deem until citizenship, sponsors whose income was above the national median income, regardless of the size of the families living on that income. The national median income may be sufficient for a family of four, but would pose serious hardships for a larger family, unless indexed by family size. Other bills cut even deeper, by either denying outright until citizenship some or all of the 61 discretionary programs including the Women, Infants and Children (WIC), emergency food and shelter, and school lunch programs.

While the vast majority of immigrants coming to the U.S. to reunite with their families do not access public assistance programs, tragedies, accidents, and unforseen circumstances can and do befall newcomers as they do all people. Such situations create a dire and legitimate need for the new arrival to seek support from public programs.

For the 225,000 immigrants who have suffered a disability, denying SSI would sever a lifeline to essential financial, medical, and support services. Without access to services through the SSI program, citizens could be forced to leave their jobs in order to care for disabled family members. For the 372,000 elderly immigrants receiving SSI, denying SSI would force their citizen children to choose between reuniting family members and working their way out of poverty. Families can put off sending their children to college or buying a new home for a few years in order to reunite with their family members, but requiring them to support elderly or disabled relatives for five, ten, or more years could be so costly as to be prohibitive.

The Urban Institute data further reveals that lawfully admitted aliens do not apply for SSI immediately upon eligibility. While one-third of alien recipients applied for benefits shortly after expiration of the three-year deeming period needed to qualify, over half applied after having lived here for five or more years and 28% accessed SSI only after having lived here for ten or more years.

Obstacles to Naturalization

Denial of benefits to legal immigrants appears to be based on the assumption that they could naturalize if they chose to do so. While most immigrants are technically eligible for citizenship after five years, those who do naturalize often take much longer to complete the process. The naturalization process is costly and time-consuming. Immigrants must pass tests on English language and knowledge of U.S. government, which for most people means getting on long waiting lists in order to take classes. In New York and Los Angeles, for example, there are more 50,000 people on waiting lists for citizenship classes. In addition, many applicants must wait well over a year before the INS reviews their applications.

In addition, age is a significant obstacle to naturalization. The immigrant population most vulnerable to illness and disability, the elderly, is also the population least likely to naturalize.

According to the INS, immigrants who enter the United States after age 55 are the least likely to become citizens. For more than 60 percent of these legal older immigrants, naturalization is all but impossible, as they are unable to master English sufficiently well at their age to pass the exam for citizenship, they find the morass they face when dealing with the bureaucracy within the INS daunting, and are intimidated by the citizenship exam. The denial of benefits until citizenship makes it virtually impossible for the children of these legal immigrants to sponsor their parents, without becoming impoverished themselves.

Protection and Equity

Even though an affidavit of support compels a sponsor to swear to the ability to contribute to the perspective immigrant's support, in many instances the burden for proving a sponsor's financial hardship is on the immigrant, requiring him/her to keep track of all relevant financial records of their sponsor. Failure to produce those documents could disqualify the immigrant for assistance when they and their sponsor are otherwise poor enough to be eligible. Furthermore, in situations in which a sponsor is abusing an immigrant relative, who may be elderly, a woman, or a child, eliminating access to public benefits could remove critical assistance which could enable the immigrant to maintain some measure of potentially life-saving independence.

Financing welfare reform by cutting benefits to legal permanent residents also raises issues of fairness and equity. Legal immigrants and their citizen families pay the same taxes into our system as native Americans do. Yet, an extension of the deeming process would deny the citizen's family access to benefit programs to which their tax dollars have contributed. Extending deeming or eliminating access to benefits entirely sends a message to citizen children that they can pay taxes to support programs that benefit other people's relatives, but their that own parents will have nowhere to turn when they face unemployment, illness, or other financial hardships.

There is another grave danger spawned by these provisions. Right on the heels of national sentiment that is hostile to immigrants, such provisions have the effect of enshrining in law that legal immigrants are not really welcome in the U.S., especially if they need help. Even if they play by the rules by applying and waiting their turn to come to the United States through the legal immigration process, they had best not become ill or disabled, lose their jobs, or have any kind of disaster befall them for there will be no safety net; nevertheless, such newcomers must pay their taxes and so must their citizen children. These kinds of provisions penalize legal immigrants, those who "play by the rules," by treating them as if they were illegal, and give credence to those who would close our doors to <u>all</u> immigrants.

Conclusion

In conclusion, I would like to thank the Subcommittee for the opportunity to submit this testimony before you today. It is my hope that the original intent of welfare reform, to assist poor families and children attain self-sufficiency, will not be obscured by political issues that are not related to welfare. Denying benefits to some low-income families to pay for services for other low-income families contradicts the overarching principles of a credible and fair anti-poverty strategy.

There is no inherent link between welfare reform and extending the deeming process for sponsors of legal immigrants as a means to finance that reform. In recognizing the need to pay for the various programs that will insure reform of the welfare system, think tanks and research institutions, including the Congressional

Budget Office, have suggested a variety of sources other than those that would impact legal immigrants and their citizen families. Within the half a trillion dollars per year of non-Social Security entitlement programs and the entire revenue code that is under the jurisdiction of the House Ways and Means Committee, surely there are other ways to finance welfare reform without eviscerating our legal immigration system?

Thank you.

END NOTES

1. Immigration and Immigrants: Setting the Record Straight, Michael Fix and Jeffrey S. Passel, Washington, D.C.: The Urban Institute, 1994.

2. Ibid.

3. Ibid.

4. The Effects of Immigration on the U.S. Economy and Labor Market, Washington, D.C.: U.S. Department of Labor, 1989.

5. "Immigrants Lead a Recovery," The Wall Street Journal, April 22, 1994.

Chairman FORD. Thank you.
Mr. Lockhart.

STATEMENT OF LARRY LOCKHART, ASSOCIATE COMMISSIONER, NEW JERSEY DEPARTMENT OF HUMAN SERVICES

Mr. LOCKHART. Thank you, Chairman Ford.

Good afternoon. I am Larry Lockhart, associate commissioner of the New Jersey Department of Human Services. I would like to comment on the administration's proposed cap on Federal emergency assistance expenditures as a method to finance welfare reform, and impress upon you the possible dire impacts of such action.

The administration proposes to cap emergency assistance, EA, based on a variable weighted average of a State's EA expenditures and its total AFDC expenditures for the previous year. The cap is adjusted annually for inflation. If a State exceeds that cap, as New Jersey does, it would receive up to the same allocation it received in 1991, if it had a program in 1991. States that enacted EA programs after 1991 would not even have that protection from dramatic reductions in its allocation. The 1991 amount would not be enough to adjust for inflation.

In New Jersey, that means we would be permanently capped at $23 million. However, we expect to spend at least $29 million in fiscal year 1995 assuming no expansion in eligibility. These funds are used only to serve persons receiving Aid to Families with Dependent Children. Currently we provide preventive services and shelter to about 28,000 recipients a month, most of whom are children.

Such families are assisted in meeting housing costs, including both temporary rental assistance and permanent housing placement expenditures comprised of security deposits, monthly rental costs, back rent, or mortgage payments, to avoid eviction or loss of property, as well as utility expenses. We are also starting to provide services to maintain intact families by providing counseling, parenting programs, tutoring and payment for substance abuse programs to avoid placement of children in foster homes. However, these latter services may have to be eliminated if a cap on EA is adopted.

A reduction of about $6 million in our State's allocation would jeopardize assistance to alleviate homelessness for about 2,000 families a month.

Homelessness is one of the most serious problems facing low-income families in our State and creates the greatest need for the utilization of emergency assistance funds. This problem started to escalate in the late eighties. Within only a few years, our EA expenditures increased by over 400 percent. In 1987, we were providing EA to about 2,000 persons on welfare. By 1993, that number increased to 30,000.

Like the Federal Government, we also are concerned about these high costs because our State share is about 50 percent. We have therefore taken measures to limit the growth of such costs while at the same time maintaining these important essential services.

As we faced this enormous increase in the number of AFDC families experiencing the need for emergency assistance, we had little

help and guidance from the Federal Government. If anything, Federal policy in this area was either nonexistent or confusing.

For example, the Department of Health and Human Services in the eighties had no clear policy on how long shelter care could be provided under EA or whether EA could be used for measures designed to prevent homelessness and the dissolution of intact families through out-of-home placements of children. In New Jersey, we had to answer the critical questions on our own.

The increase in homelessness is largely beyond the State's control. Other problems in our society such as the economy, high unemployment, the increase in single-parent households, and the rising alcohol and drug problems contributed to the sudden rise in homeless families and to the breakup of family units.

We applaud the administration for trying to grapple with some of these problems by proposing changes in the welfare system, but obviously many of these problems will be with us for some time. As such, capping Federal emergency assistance will only intensify the problem of homelessness in New Jersey.

I can assure you that we would not have been able to address the problem of homelessness in our State without full Federal support. While we now have clearer policy from HHS on what EA can be spent on, the proposed cap sends a signal to New Jersey and other States that the Federal Government will no longer be an equal partner with the States and localities to address the needs of homeless families.

This is important because we have been able to build a fragile coalition in New Jersey to assist homeless families only because all parties were aware of the Federal Government's equal financial support. The proposed cap now jeopardizes that coalition and undermines the progress we have made to address this very complicated problem. At a minimum, States will think twice before taking any risks to assist the homeless if the cap is adopted.

The proposed cap also contradicts the goal of welfare reform: To foster self-sufficiency. We support expanded education and training opportunities that can lead to permanent jobs in the private sector. However, it is unrealistic to expect parents to participate in these activities if they are homeless.

Ironically, there may be a greater need for emergency assistance under the proposed bill to reform welfare because of the sanctions that will be imposed for noncompliance. We must attend to a family's primary needs first before we can require that the able-bodied members take other actions which ultimately will lead to their independence.

We therefore strongly urge you not to cap EA. If a cap is unavoidable, then certain changes in the proposal should be adopted to make it fairer.

For example, if a State is held to its 1991 Federal funding level, it should be adjusted for inflation. Also, a State should be able to carry over funds into the next fiscal year if it does not fully utilize its entitlement. And, if a State does not plan to use its full EA funds, those funds should be reallocated to other States for their use. Furthermore, we understand some States under the prepared cap would see a decrease in their Federal allocation as they are not

protected by the 1991 hold-harmless. The cap should be adjusted to provide equal protection among all States with EA programs.

We would also not object to a State maintenance of effort requirement to assure that EA funds were used only to expand services to low-income persons. We prefer this approach rather than limiting a State's flexibility to administer the program.

We ask that you not extinguish the light that has been created by implementing this EA option to the States, this much-needed program. We can make further progress to assist the homeless, but not if you continue—we can only make continued progress to provide additional services to the homeless, but only if we can continue to rely on the Federal Government as an equal partner to address the national problem.

[The prepared statement follows:]

TESTIMONY OF LARRY LOCKHART
NEW JERSEY DEPARTMENT OF HUMAN SERVICES

GOOD AFTERNOON, I AM LARRY LOCKHART, ASSOCIATE COMMISSIONER OF THE NEW JERSEY DEPARTMENT OF HUMAN SERVICES. I WOULD LIKE TO COMMENT ON THE ADMINISTRATION'S PROPOSED CAP ON FEDERAL EMERGENCY ASSISTANCE EXPENDITURES AS A METHOD TO FINANCE WELFARE REFORM AND IMPRESS UPON YOU THE POSSIBLE DIRE IMPACTS OF SUCH ACTION.

THE ADMINISTRATION PROPOSES TO CAP EMERGENCY ASSISTANCE(EA) BASED ON A VARIABLE WEIGHTED AVERAGE OF A STATE'S EA EXPENDITURES AND ITS TOTAL AFDC EXPENDITURES FOR THE PREVIOUS YEAR. THE CAP IS ADJUSTED ANNUALLY FOR INFLATION. IF A STATE EXCEEDS THAT CAP, AS NEW JERSEY DOES, IT WOULD RECEIVE UP TO THE SAME ALLOCATION IT RECEIVED IN 1991, IF IT HAD A PROGRAM IN 1991. STATES THAT ENACTED AN EA PROGRAM AFTER 1991 WOULD NOT EVEN HAVE THAT PROTECTION FROM DRAMATIC REDUCTIONS IN ITS ALLOCATION. THe 1991 AMOUNT WOULD NOT BE ADJUSTED FOR INFLATION.

IN NEW JERSEY THAT MEANS WE WOULD BE PERMANENTLY CAPPED AT ABOUT $23 MILLION. HOWEVER, WE EXPECT TO SPEND AT LEAST $29 MILLION IN FY 1995 ASSUMING NO EXPANSION IN ELIGIBILITY. THESE FUNDS ARE USED ONLY TO SERVE PERSONS RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN. CURRENTLY WE PROVIDE PREVENTIVE SERVICES AND SHELTER TO ABOUT 28,000 RECIPIENTS A MONTH, MOST OF WHOM ARE CHILDREN.

SUCH FAMILIES ARE ASSISTED IN MEETING HOUSING COSTS, INCLUDING BOTH TEMPORARY RENTAL COSTS AND PERMANENT HOUSING PLACEMENT EXPENDITURES COMPRISED OF SECURITY DEPOSITS, MONTHLY RENTAL COSTS, BACK RENT OR MORTGAGE PAYMENTS, TO AVOID EVICTION OR LOSS OF PROPERTY, AS WELL AS UTILITY EXPENSES. WE ARE ALSO STARTING TO PROVIDE SERVICES TO MAINTAIN INTACT FAMILIES BY PROVIDING COUNSELLING, PARENTING PROGRAMS, TUTORING, AND PAYMENT FOR SUBSTANCE PROGRAMS TO AVOID PLACEMENT OF CHILDREN IN FOSTER HOMES. HOWEVER, THESE LATTER SERVICES MAY HAVE TO BE ELIMINATED IF A CAP ON EA IS ADOPTED.

A REDUCTION OF ABOUT $6 MILLION IN OUR STATE'S ALLOCATION WOULD JEOPARDIZE ASSISTANCE TO ALLEVIATE HOMELESSNESS FOR ABOUT 2000 FAMILIES A MONTH.

HOMELESSNESS IS ONE OF THE MOST SERIOUS PROBLEMS FACING LOW INCOME FAMILIES IN OUR STATE AND CREATES THE GREATEST NEED FOR THE UTILIZATION OF EMERGENCY ASSISTANCE FUNDS. THIS PROBLEM STARTED TO ESCALATE IN THE LATE 1980'S. WITHIN ONLY A FEW YEARS, OUR EA EXPENDITURES INCREASED BY OVER 400 PERCENT. IN 1987 WE WERE PROVIDING EA TO ABOUT TWO THOUSAND PERSONS ON WELFARE; BY 1993 THAT NUMBER INCREASED TO ABOUT THIRTY THOUSAND.

LIKE THE FEDERAL GOVERNMENT, WE ALSO ARE CONCERNED ABOUT THESE HIGH COSTS BECAUSE OUR STATE SHARE IS ABOUT FIFTY PERCENT. WE HAVE THEREFORE TAKEN MEASURES TO LIMIT THE GROWTH OF SUCH COSTS WHILE AT THE SAME TIME MAINTAINING ESSENTIAL SERVICES.

AS WE FACED THIS ENORMOUS INCREASE IN THE NUMBER OF AFDC FAMILIES EXPERIENCING THE NEED FOR EMERGENCY ASSISTANCE, WE HAD LITTLE HELP AND GUIDANCE FROM THE FEDERAL GOVERNMENT. IF ANYTHING, FEDERAL POLICY IN THIS AREA WAS EITHER NON-EXISTENT OR CONFUSING.

FOR EXAMPLE, THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) IN THE 1980'S HAD NO CLEAR POLICY ON HOW LONG SHELTER COULD BE PROVIDED UNDER EA OR WHETHER EA COULD BE USED FOR MEASURES DESIGNED TO PREVENT HOMELESSNESS AND THE DISSOLUTION OF INTACT FAMILIES THROUGH OUT-OF-HOME PLACEMENTS OF CHILDREN. IN NEW JERSEY WE HAD TO ANSWER THE CRITICAL QUESTIONS ON OUR OWN.

THE INCREASE IN HOMELESSNESS IS LARGELY BEYOND THE STATE'S CONTROL. OTHER PROBLEMS IN OUR SOCIETY SUCH AS THE ECONOMY, HIGH UNEMPLOYMENT, THE INCREASE IN SINGLE PARENT HOUSEHOLDS, AND THE RISING ALCOHOL AND DRUG ABUSE PROBLEM CONTRIBUTED TO THE SUDDEN RISE IN HOMELESS FAMILIES AND TO THE BREAKUP OF FAMILY UNITS.

WE APPLAUD THE ADMINISTRATION FOR TRYING TO GRAPPLE WITH SOME OF THESE PROBLEMS BY PROPOSING CHANGES IN THE WELFARE SYSTEM, BUT OBVIOUSLY MANY OF THESE PROBLEMS WILL BE WITH US FOR SOME TIME. AS SUCH, CAPPING FEDERAL EMERGENCY ASSISTANCE WILL ONLY INTENSIFY THE PROBLEM OF HOMELESSNESS IN NEW JERSEY.

I CAN ASSURE YOU THAT WE WOULD NOT HAVE BEEN ABLE TO ADDRESS THE PROBLEM OF HOMELESSNESS IN OUR STATE WITHOUT FULL FEDERAL SUPPORT. WHILE WE NOW HAVE CLEARER POLICY FROM HHS ON WHAT EA CAN BE SPENT ON, THE PROPOSED CAP SENDS A SIGNAL TO NEW JERSEY AND OTHER STATES THAT THE FEDERAL GOVERNMENT WILL NO LONGER BE AN EQUAL PARTNER WITH THE STATES AND LOCALITIES TO ADDRESS THE NEEDS OF HOMELESS FAMILIES.

THIS IS IMPORTANT BECAUSE WE HAVE BEEN ABLE TO BUILD A FRAGILE COALITION IN NEW JERSEY TO ASSIST THE HOMELESS ONLY BECAUSE ALL PARTIES WERE AWARE OF THE FEDERAL GOVERNMENT'S EQUAL FINANCIAL SUPPORT. THE PROPOSED CAP NOW JEOPARDIZES THAT COALITION AND UNDERMINES THE PROGRESS WE HAVE MADE TO ADDRESS THIS VERY COMPLICATED PROBLEM. AT A MINIMUM, STATES WILL THINK TWICE BEFORE TAKING ANY RISKS TO ASSIST THE HOMELESS IF THE CAP IS ADOPTED.

THE PROPOSED CAP ALSO CONTRADICTS THE GOAL OF WELFARE REFORM -- TO FOSTER SELF-SUFFICIENCY. WE SUPPORT EXPANDED EDUCATION AND TRAINING OPPORTUNITIES THAT CAN LEAD TO PERMANENT JOBS IN THE PRIVATE SECTOR. HOWEVER, IT IS UNREALISTIC TO EXPECT PARENTS TO PARTICIPATE IN THESE ACTIVITIES IF THEY ARE HOMELESS.

IRONICALLY, THERE MAY BE A GREATER NEED FOR EMERGENCY ASSISTANCE UNDER THE PROPOSED BILL TO REFORM WELFARE BECAUSE OF THE SANCTIONS THAT WILL BE IMPOSED FOR NON-COMPLIANCE. WE MUST ATTEND TO A FAMILY'S PRIMARY NEEDS FIRST BEFORE WE CAN REQUIRE THAT THE ABLE-BODIED MEMBERS TAKE OTHER ACTIONS WHICH ULTIMATELY WILL LEAD TO THEIR INDEPENDENCE.

WE THEREFORE STRONGLY URGE YOU NOT TO CAP EA. IF A CAP IS UNAVOIDABLE THEN CERTAIN CHANGES IN THE PROPOSAL SHOULD BE ADOPTED TO MAKE IT FAIRER.

FOR EXAMPLE, IF A STATE IS HELD TO ITS 1991 FEDERAL FUNDING LEVEL IT SHOULD BE ADJUSTED FOR INFLATION. ALSO, A STATE SHOULD BE ABLE TO CARRY OVER FUNDS INTO THE NEXT FISCAL YEAR IF IT DOES NOT USE ITS FULL ENTITLEMENT. AND, IF A STATE DOES NOT PLAN TO USE ITS FULL EA FUNDS THOSE FUNDS SHOULD BE REALLOCATED TO OTHER STATES FOR THEIR USE. FURTHERMORE, WE UNDERSTAND SOME STATES UNDER THE PREPARED CAP WOULD SEE A DECREASE IN THEIR FEDERAL ALLOCATION AS THEY ARE NOT PROTECTED BY THE 1991 "HOLD HARMLESS". THE CAP SHOULD BE ADJUSTED TO PROVIDE EQUAL PROTECTION AMONG ALL STATES WITH EA PROGRAMS.

WE WOULD ALSO NOT OBJECT TO A STATE'S MAINTENANCE OF EFFORT REQUIREMENT TO ASSURE THE EA FUNDS WERE USED ONLY TO EXPAND SERVICES TO LOW-INCOME PERSONS. WE PREFER THIS APPROACH RATHER THAN LIMITING A STATE'S FLEXIBILITY TO ADMINISTER THIS PROGRAM.

IN CONCLUSION, WE BELIEVE WE HAVE MADE MUCH PROGRESS IN ASSISTING HOMELESS FAMILIES IN NEW JERSEY. WE HAVE LEARNED THAT IT MAKES MORE SENSE TO PREVENT HOMELESSNESS THAN TO ASSIST FAMILIES WHO HAVE BECOME HOMELESS. FOR THOSE FAMILIES THAT DO BECOME HOMELESS WE PROVIDE TEMPORARY SHELTER IN MORE APPROPRIATE, COST-EFFECTIVE SETTINGS. WHILE UNFORTUNATELY THE NUMBER OF HOMELESS FAMILIES CONTINUES TO INCREASE, IT IS AT A SLOWER RATE. WHAT WAS ONCE A CRISIS IS NOW A MANAGEABLE PROBLEM. IN OTHER WORDS, WE ARE STARTING TO SEE SOME LIGHT AT THE END OF THE TUNNEL.

WE ASK THAT YOU NOT EXTINGUISH THAT LIGHT BY CAPPING THIS MUCH NEEDED PROGRAM. WE CAN MAKE FURTHER PROGRESS TO ASSIST THE HOMELESS BUT ONLY IF WE CAN CONTINUE TO RELY ON THE FEDERAL GOVERNMENT AS AN EQUAL PARTNER TO ADDRESS THIS NATIONAL PROBLEM.

I WILL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Chairman FORD. Thank you.

Mr. Rector.

STATEMENT OF ROBERT RECTOR, SENIOR POLICY ANALYST FOR WELFARE AND FAMILY ISSUES, HERITAGE FOUNDATION

Mr. RECTOR. Congressman, I have a chart I would like to put up. You may find this interesting.

Chairman FORD. I think you need to bring it a little closer in if you want me to see it.

Mr. RECTOR. Congressman, I have sat through many, many of these hearings.

Chairman FORD. Why don't you angle it. That is fine. Thank you.

Mr. RECTOR. I have sat through many, many of these hearings and I am always struck by how easy it is to get government officials and other individuals to come here and talk about how we need to spend more money on welfare, and how infrequently we have anyone here representing the taxpayers who have to pay those costs.

I am here today to say that the war on poverty has failed, and that the war on poverty was an incredibly costly failure.

If you take the welfare state, and by welfare, I mean those programs targeted to low-income and poor Americans which provide cash, food, housing, medical care, social services and training.

Since the war on poverty, we have spent $5.3 trillion on those programs, but if you look at the chart here——

Chairman FORD. Can you name the programs?

Mr. RECTOR. They are listed in my written testimony.

There are over 75 different Federal means-tested welfare programs. If you look at the chart, you see that in 1950, a third of the population was poor. The poverty rate—while this chart shows spending in constant dollars in the red, the black line is the poverty rate. Poverty is plummeting from its peak in 1950 down to 1975, falling about 1 percent per year.

Meanwhile, welfare spending is extraordinarily low. In 1965 through 1968 when the programs came online, the war on poverty started and from that point on, there was no progress against poverty in the United States.

We not only didn't make any progress; we clearly brought to an end the natural progress that we were making against poverty before the war on poverty started. Last year in 1993, the Federal Government ran over 75 different welfare programs for low-income and poor Americans.

Chairman FORD. Do you have a list of those programs?

Mr. RECTOR. I do in my written testimony. It is a long list, goes on for several pages.

Those programs cost the taxpayer in Federal and State spending over $324 billion, 5 percent of the gross national product. The average cost per taxpaying household in the United States was $3,400 in combating poverty last year.

That is the good news, because the bad news is that if you take those 75 programs and you take the CBO projections on those programs, the baseline, which is always low, I might remind you, and run that out for the next 5 years and put in the required State match, by 1999, spending on these programs will hit $550 billion.

Chairman FORD. Let me say this. I am going to correct you now. With all due respect to you, and I appreciate your testimony, but you are not going to come before this subcommittee and give us these numbers.

Mr. RECTOR. Do you want me to finish my testimony?

Chairman FORD. You are going to finish it, but you are going to talk about AFDC. When you are talking to the public like this, you are not going to talk about supplemental security income for the blind and the aged. I don't consider SSI as an AFDC program.

You are talking about elderly people and handicapped people who are blind. We are talking about disabled citizens that fall under the Social Security program.

Mr. RECTOR. What about food stamps?

Chairman FORD. Hold on 1 minute. Let me finish. We are not going to deal with food stamps unless you can break it out and talk about what the elderly population might receive under food stamps.

It is not considered as an AFDC program. Assistance to refugees, adoption assistance; the Medicaid program, where 50 percent or more of those funds go for nursing home care for the elderly in this country.

You go down the list of your things. There is no need for you coming to this subcommittee with these things. We are dealing with welfare reform. There is Medicaid for welfare children, for mothers on welfare, food stamps for the welfare population, which is 13 million people.

You are going to separate those out. You are not going to bring all of these numbers to this subcommittee and talk about trillions of dollars being spent on welfare. We are dealing with a welfare system that has 13 million people in the system, $20 billion or less in the Federal Government is being spent all total on the AFDC program.

There are two other things that can be added, food stamps and Medicaid. You do not take into consideration the total Medicaid program.

Mr. RECTOR. With all due respect, I don't think that when President Clinton promised to end welfare as we know it that the average voter listening to that said "Aha, what he means by that are three programs under the jurisdiction of the Subcommittee on Human Resources in Ways and Means." I think they thought ending welfare as we know it.

Welfare, as we know it, is 75 different programs. This is like trying to talk about the defense budget and insisting that you can only talk about the Marine Corps because the Army, the Navy and the Air Force are not part of welfare.

Chairman FORD. The Defense Department has been used on JOBS creation programs for many years in this country. If you look at the defense contractors and the waste and abuse, we have seen what has happened here.

Mr. RECTOR. If you are talking about the defense budget, we know what the defense outlays are in aggregate. I am talking about the aggregate welfare system which is what President Clinton was talking about.

I think that if we are talking about welfare reform, you, Congressman, have to take cognizance that all of the Republican bills

offered in both the Senate and in the House do deal with what I am talking about today, which is a cap on the aggregate growth of welfare spending. If you don't want to debate that issue here in this subcommittee——

Chairman FORD. I don't have to debate that issue with you here. You are going to testify, but you are going talk about what is in the welfare bill that we are discussing. You aren't going to set the debate on this table with the Heritage Foundation.

You are going to testify, but you are not going to leave the public perception that we are spending billions of dollars on welfare.

Mr. RECTOR. On AFDC.

Chairman FORD. That is what this subject matter is about and that is what I anticipate you to testify on, and nothing short of that.

Mr. RECTOR. Your remarks remind me of the famous line——

Chairman FORD. I don't need you to comment on what my remarks remind you of, Mr. Rector. I am asking that you complete your testimony.

Mr. RECTOR. I think that it is essential, as I said, that any real welfare reform must address capping the aggregate growth of all 75 welfare programs and not of 3 of them. I think that that is an abuse to the taxpayer.

I will go on and target my additional remarks on the limited question of immigration and welfare. I believe that immigration should be open to individuals who wish to come to the United States to work and be self-sufficient.

Immigration should not be an avenue to welfare dependence. Noncitizens are among the fastest-growing groups of welfare dependents. In 1993, there were nearly 700,000 lawful resident aliens receiving aid from the SSI program, up from around 120,000 in 1982, a 430-percent increase just in 10 years.

Total welfare costs for noncitizens in the SSI program now approach $7 billion a year. The overwhelming majority of noncitizen SSI recipients are elderly.

The data show increasingly welfare is becoming a way of life for elderly immigrants entering the United States. Analysis of elderly immigrants in California show that 45 percent of them received cash welfare in 1990. Among Russian immigrants, the figure is 66 percent; among Chinese 55 percent.

Although many of the elderly noncitizens on SSI come from politically oppressive nations, the majority do not. The single greatest number of aliens on SSI come from Mexico. Other nations such as the Philippines, the Dominican Republic, South Korea and India also produce large numbers of recipients.

Moreover, while we can greatly sympathize with those individuals who have suffered from political oppression and economic failure inherent to Communist regimes, we must not attempt to use the U.S. welfare program to redress that suffering.

The U.S. welfare system cannot serve as a retirement reservoir for the elderly of failed and oppressive political systems. Just as the U.S. military cannot serve as a global policeman, U.S. welfare programs cannot serve as a global retirement system.

In short, the U.S. welfare system is indeed now serving as a deluxe retirement benefit for the elderly of many impoverished na-

tions. If current trends continue, the United States will have more than 23.5 million noncitizens on SSI within 10 years at an annual cost of over $35 billion.

The steps for real reform are clear. First, Congress should eliminate welfare eligibility for noncitizens; second, it should ensure that sponsoring relatives bear the full and permanent responsibility of supporting their immigrating kinfolk. Most noncitizens on SSI who were lawfully admitted to the United States do have relatives capable of supporting them.

In order to have brought a relative to the United States in the first place, the sponsor must have demonstrated capacity of support and most sponsors did, in fact, support their immigrant relatives for at least 3 years after arrival.

If SSI benefits for noncitizens were terminated in most cases, family support which sustained the immigrant immediately after the arrival in the United States would be resumed and that is the course that we should take. Under no cases should these costs be passed on to the general taxpayer.

Let me say in conclusion with regard to general welfare reform that in 1988, I predicted the reform that this Congress passed would lead to increasing welfare costs, increasing caseloads and higher rates of illegitimacy. All three of those things happened.

I now predict that if the Clinton administration bill is enacted, it will lead to higher welfare costs, higher welfare enrollments and increasing illegitimacy, and that prediction, too, will come true.

[The prepared statement and attachments follow:]

Testimony before
The Sub-Committee on Human Resources
Committee on Ways and Means
U.S. House of Representatives
August 9, 1994

Robert Rector
The Heritage Foundation
(202-546-4400)

Controlling Welfare Spending

Introduction

The total annual cost of U.S. welfare spending now exceeds $324 billion; this amounts to more than $3,400 for each taxapaying household in the U.S. After adjusting for inflation, welfare spending is now 9 times greater than when Lyndon Johnson launched the War on Poverty in the mid-sixties.

As in the current welfare reform debate, each prior expansion of the welfare system has been rationalzed as an "investment" which would save money in the long run. But these "investments" have led only to higher spending and escalating social problems. Since the onset of the War on Poverty, the U.S. has spent over $5.3 trillion on welfare. But during the same period, the official poverty rate has remained virtually unchanged; dependency has soared; the family has collapsed and illegitimacy has skyrocketed. And crime has esclalated in direct proportion to the growth in welfare spending.

U.S. society can no longer tolerate open-ended growth in destructive welfare spending. A key goal of any serious welfare reform must be to limit the future growth of welfare spending. Reform must also focus on eliminating the most extravagant examples of wasteful spending, such as providing welfare benefits to non-citizens.

Defining the U.S. Welfare System

The federal government currently runs over 75 interrelated and overlapping welfare programs. Many states operate independent state programs in addition to the federal programs. (A complete list of welfare programs is attached.) The welfare system may be defined as the total set of government programs explicitly designed to assist poor and low income Americans. Welfare assistance has three ostensible objectives:

1) Sustaining Living Standards Through Cash and Non-Cash Transfers. Federal and state governments provide cash aid, food, housing and medical assistance. These programs are intended to directly raise an individual's material standard of living. Such aid directly substitutes for the private sector income which the welfare recipient is presumed to be incapable of earning for him or herself.

2) Promoting Self-Sufficiency. A smaller number of government programs are intended to increase the cognitive abilities, earnings capacity and living skills of lower income persons. Typical programs in this category would include government job training programs for low skilled individuals or special education programs targeted at disadvantaged persons.

3) Aiding economically distressed communities. The federal government also provides aid to governments in low income or economically distressed areas. The nominal intent of this aid is to broaden the economic opportunities within the community and thereby indirectly to benefit low-income persons who live there.

Targeted, Categorical, and Means-Tested Programs

An additional criterion for defining the welfare state is that welfare programs are targeted, categorical, or means-tested. Targeted programs provide assistance to communities which either have a high percentage of poor and low income persons or are "economically distressed". Categorical welfare programs provide aid to specific disadvantaged or needy groups such as migrant farm workers, homeless persons, or abandoned children.[1]

"Means-tested" programs also provide aid directly to low income and poor persons. A wide variety of government programs such as cash, food, housing and medical care can be "means-tested", and roughly 95 percent of total welfare spending takes the form of means-tested aid directly to individuals. Means-tested programs restrict eligibility for benefits to persons who have "means" (i.e. non-welfare income) below a certain level. Individuals who have non-welfare income above a specified cut off level cannot receive aid. Thus, Food Stamps and public housing are "means-tested" programs, because benefits are limited to lower income persons. By contrast, Social Security and public schools are not "means-tested".[2]

Total Welfare Spending

Total federal and state spending on welfare programs was $324.3 billion in FY 1993. Of the total, $234.3 billion or 72% comes from federal funding and $90 billion or 28% comes from state or local funds. But these figures significantly understate the role of the federal government in welfare. Many federal welfare programs require a state government contribution; in order for individuals within a state to receive aid from these federal programs, the state government must match or pay a certain share of federal spending in the state on that program. Out of the total of $90 billion in state and local welfare spending described in this paper fully $78.6 billion takes the form of state and local contributions to federally created welfare programs. Of total welfare spending of $324 billion, only $11.4 billion or 3.5% is spending for independent state welfare programs.[3]

Categories of Welfare Spending

As noted, the welfare system theoretically is designed to promote three proclaimed goals: to prop up material living standards; to promote self-sufficiency; and to expand economic opportunities within low-income communities. Federal and state governments operate a variety of welfare programs to meet these goals. Such programs include: cash aid programs; food programs; medical aid programs; housing aid programs; energy aid programs; jobs and training programs; targeted and means-tested education programs; social service programs; and urban and community development programs.

Cash Aid The federal government operates eight major means-tested cash assistance programs. Many state governments also operate independent cash programs

---

[1] Although a categorical program will not have formal financial means-test (as described in the main text), the nature of the group served as well as the method of operating the program will result in the bulk of assistance going to low inocme persons.

[2] Some programs such as Guaranteed Student Loans are formally means-tested but the means-test or income cut off is so high that the program benefits mainly the middle class. Despite the means-test, such programs should not be considered part of the welfare system, and have not been included in the programs listed or spending totals calculated for this paper.

[3] Comprehensive figures on independent state and local welfare spending are difficult to obtain. It is possible that there is as much as $10 to $15 billion dollars in independent state and local welfare spending which is not included in this report. However, even if this extra state and local spending were included in the spending totals, the welfare system would still be overwhelmingly federal in structure.

termed General Assistance or General Relief. Total cash welfare spending by federal and state governments reached $71.5 billion in FY 1993.

Food Aid The federal government provides 11 major programs providing food assistance to low income persons. Total food aid to low income persons equalled $36 billion in FY 1993.

Housing Aid The federal government runs 14 major housing programs for low income persons. Many state governments also operate independent state public housing programs. Total housing aid for low income persons equalled $23.5 billion in FY 1993.

Medical Aid The federal government runs 8 medical programs for low income persons. Many states operate independent medical General Assistance programs. Total medical aid equalled $155.8 billion in FY 1993.

Energy Aid The federal government operates 2 programs to help pay the energy bills or to insulate the homes of persons with low incomes. Total spending equalled $1.6 billion in FY 1993.

Education Aid The federal government runs 10 programs providing educational assistance to low income persons, disadvantaged minorities, or low-income communities. Total spending equalled $17.3 billion in FY 1993.

Training and Jobs Programs The federal government currently operates 9 different jobs and training programs for low income persons, costing $5.3 billion in FY 1993.

Targeted and Means-Tested Social Services The federal government also runs 11 programs providing special social services to low income persons. These programs cost $8.4 billion in FY 1993.

Urban and Community Aid Programs The federal government runs 5 programs to aid economically distressed communities. These programs cost $4.8 billion in FY 1993.

The Growth of the Welfare State

The welfare state, after remaining at low levels through the 1950's and early 1960's, has undergone explosive growth since the onset of the War on Poverty. In inflation adjusted terms, welfare spending has grown in every year except one since the mid-sixties.

* In constant dollars federal, state and local governments now spend 9 times as much on welfare as in 1964 when the War on Poverty was beginning. Welfare spending per capita in constant dollars is seven times as high as in 1964.

* After adjusting for inflation welfare spending per capita today is five times as high as during the Great Depression when a quarter of the work force was unemployed.

* Welfare spending is absorbing an ever greater share of the national economy. In 1964 welfare spending equalled 1.23 percent of Gross Domestic Product. By 1993, spending had risen to 5.1 percent of GNP; This was a record high, exceeding the previous peak set during the Great Depression.

* Welfare spending in FY 1991, FY 1992, FY 1993 exceeded defense spending for the first time since the 1930's.

* There are repeated claims that Ronald Reagan "slashed" welfare spending. In reality welfare spending grew during the 1980's, after adjusting for inflation. In 1993, per capita welfare spending in constant dollars was 43 percent higher than

when President Reagan took office in 1980.

* Contrary to some claims the growth in welfare spending has not been limited to medical aid. In constant dollars, per capita cash, food and housing aid is now 31 percent higher than in 1980 and 4.6 times higher than in 1964.

The Total Cost of the War on Poverty

The financial cost of the War on Poverty has been enormous. Between 1964 and 1994, welfare spending has cost the taxpayers $5.3 trillion in constant 1993 dollars. This is greater than the cost of defeating Germany and Japan in World War II, after adjusting for inflation. Out of total welfare spending of $5.3 trillion, cash welfare programs cost $1.3 trillion. Medical programs assisting low income persons have cost $2.1 trillion. Spending on food programs equalled $602 billion, while housing and energy aid programs for low income persons have cost $490 billion. Special education programs for low income children have cost $319 billion, and jobs and training programs have cost $215 billion. An additional $230 billion was spent on special social services for the poor, and $172 billion has been spent on development aid for low income communities.

Projected Growth of Welfare Spending

The notion that the U.S. would spend $5.3 trillion on the War on Poverty would have dumbfounded most members of Lyndon Johnson's White House. In launching the War on Poverty, President Johnson did not promise an open-ended expansion to the welfare state. Instead, he spoke of a temporary investment which would help the poor to become self-sufficient and climb into main stream society. But the growth of the welfare state has been unending and relentless.

Moreover, there is not even the faintest glimmer of "light at the end of the tunnel" for the end of the War on Poverty. According to the Congressional Budget Office total annual welfare spending will rise to $538 billion and 6 percent of GDP by 1999. By that year the U.S. will be spending more than two dollars on welfare for each dollar spent on national defense.

While a major portion of the projected growth of welfare spending is for medical services, other programs will show steady growth as well. For example, spending on cash, food, and housing programs is projected to grow by over a third during the next five years.

The Social Costs of the War on Poverty

Despite this massive spending, in many respects the fate of lower income Americans has become worse, not better, in the last quarter century. Today, one child in seven is being raised on welfare through the AFDC program. When the War on Poverty began roughly one black child in four in the U.S. was born out of wedlock. Today two out of three black children are born out of wedlock. Rapid increases in illegitimacy are occurring among low income whites as well; the illegitimate birth rate among low income white high school drop outs is 48 percent. Overall nearly a third of children in the U.S. are now born to single mothers.

Examples of Waste in Welfare: Immigrants on SSI

Welfare spending not only has destructive social consequences, much of it is simply extravagant. A clear example of waste in the welfare system is the growing number of non-citizens receiving welfare. Immigration should be open to individuals who wish to come to the United States to work and be self-sufficient. Immigration should not become an avenue to welfare dependence. Prudent restrictions on providing welfare to recent immigrants has

long been part of the American tradition. Becoming a public charge was grounds for deportation in the Massachusetts Bay colony even before the revolution. Our first immigration law, passed by Congress in 1882, instructed immigration officials to deport any person who, in their opinion, might become a public charge. Today, the Immigration and Nationality Act declares unequivocally "any alien who, within five years after the date of entry, has become a public charge from causes not affirmatively shown to have arisen since entry is deportable". Clearly, this provision of law is ignored.

Today, non-citizens are among the fastest growing groups of welfare dependents. In 1993, there were nearly 700,000 lawful resident aliens receiving aid from the SSI program. This was up from 128,000 in 1982: a 430 percent increase in just 10 years. Total welfare costs for non-citizens in the SSI program now approach $7 billion per year.

The overwhelming majority of non-citizen SSI recipients are elderly. Most apply for welfare within five years of arriving in the U.S. These SSI recipients are concentrated in a few states. Five states alone (California, New York, Florida, Texas, and New Jersey) account for nearly 80 percent of the total.

The data show that welfare is becoming a way of life for elderly immigrants entering the United States. Professor Norman Matloff's analysis of elderly immigrants in California shows that 45 percent received cash welfare in 1990. Among Russian immigrants, the figure is 66 percent; among Chinese, 55 percent. Worse, the trend is accelerating. More recent immigrants are far more likely to become welfare dependents than those who arrived in the U.S. in earlier decades.

The presence of large numbers of elderly immigrants on welfare is a clear violation of the spirit, if not the letter, of U.S. immigration law. The relatives who sponsored the entry of these individuals into the U.S. implicitly promised that the new immigrants would not become a burden to the U.S. tax payer. But many, if not most, sponsors are enrolling their elderly immigrant relatives on welfare soon after the end of the three year waiting period. Once on SSI, there is every indication that these immigrants will remain on welfare indefinitely.

Although many of the elderly non-citizens on SSI come from politically oppressive nations such as Cuba or the former Soviet Union, the majority do not. The single greatest number of aliens on SSI come from Mexico. Other nations, such as the Philippines, the Dominican Republic, South Korea, and India, also contribute large numbers of recipients.

Moreover, while we all greatly sympathize with those individuals who have suffered from political oppression and economic failure inherent to communist regimes, we must not attempt to use U.S. welfare programs to redress that suffering. The U.S. welfare system cannot serve as a retirement reservoir for the elderly of failed, oppressive political systems, no matter how greatly we feel for the past and present suffering of these individuals. Just as the U.S. military cannot serve as a global policeman, U.S. welfare programs cannot serve as a global retirement system.

Limiting Welfare to Non-citizens

In short, the U.S. welfare system is now serving as a deluxe retirement benefit for the elderly of many impoverished nations. If current trends continue, the U.S. will have more than 3.5 million non-citizens on SSI within 10 years, at an annual cost of over $35 billion.

As in most other issues, the Clinton welfare proposal on this question offers no more than a fig leaf of reform. The proposed Clinton legislation will not significantly reduce current costs to the taxpayer, nor will it stem the growth of immigrants on welfare.

The steps for real reform are clear. First, Congress should eliminate welfare eligibility for all non-citizens. Second, Congress should ensure that the sponsoring individuals who were responsible for bringing elderly relatives to the U.S. in the first place

bear the full and permanent responsibility of supporting their immigrating kinfolk. This should include mandatory garnishment of earnings if voluntary support by the sponsoring relative is not provided.

Just as we expect an absent parent to pay child support for his children, we must expect individuals who voluntarily bring elderly and near-elderly relatives to the U.S. to fully support those relatives. This obligation to support should be permanent and should not be limited to three or five years as under current law. Under no circumstances should the cost of supporting elderly and near-elderly immigrants to the U.S. be passed on the general taxpayer.

Most non-citizens on SSI who were lawfully admitted to the U.S. do have relatives capable of supporting them. In order to have brought a relative to the U.S. in the first place, the sponsor must have demonstrated a capacity to support that relative. And most sponsers did, in fact, support their immigrant relatives for at least three years after arrival. If SSI benefits for non-citizens were terminated, in most cases the family support which sustained the immigrant immediately after arrival in the U.S. would simply be resumed. In some cases, the supporting family might decide it was best to return their elderly relation to their native country once the largesse of U.S. welfare is withdrawn.

In a limited number of cases it might be necesary to contiune some form of federal aid. Some non-citizens on SSI may lack relatives to support them, and may be unable to return to the politically oppressive nations from which they emigrated (e.g., Cambodia, Laos, or Vietnam). Such elderly individuals, who are true political refugees, who are incapable of self-support, and who lack supporting relatives should receive aid under federal refugee programs.

Eliminating the Requirement for States to Provide Free Education to Illegal Immigrants.

Another pressing issue concerning government benefits and immigration is the Supreme Court's ruling in Pyler v. Doe. Under this case, the court has required state and local governments to provide free public education to illegal immigrant children. The Congress of the United States should immediately express its disapproval of the abuse of the U.S. taxpayer engendered by the Pyler decision. The Congress should effectively overturn the Pyler decision by enacting legislation with the following three provisions:

1) Require that local school authorities notify the INS immediately whenever an illegal alien seeks to enroll in the public schools.

2) Require the INS to begin deportation proceedings against the illegal immigrant child and his relatives within fourteen days of notification by the local school authority.

3) Stipulate that a state or local government should not be responsible for providing education services once deportation proceedings have begun.

The original Pyler decision was a narrow 5-4 verdict. The logic of the Pyler ruling was based on the assumption that illegal immigrant children should be educated at taxpayer expense because they were likely to become permanent members of our society. The above provisions if enacted would remove the logical and practical foundation for Pyler by demonstrating that Congress does not intend illegal immigrants to become permanent members of our society. If enacted these provisions would save state and local governments up to $3.9 billion per year.

Conclusion

Any fair observer would note that no matter how frequently policy makers "end welfare," the

costs continue to rise. Welfare absorbed around 1.2 percent of GDP when Lyndon Johnson launched the War on Poverty in 1964; it had risen to over 5 percent by 1992. With a $324 billion price tag, welfare spending now amounts to roughly $8,500 for each poor person in the U.S. Worse, Congressional Budget Office figures show total welfare costs rising to a half trillion dollars, about 6 percent of GNP, by 1998.[4] Predictably, the Clinton Administration maintains that a half trillion is not enough; "ending welfare" means adding on even more spending.

The long history of bogus welfare reforms, all of which were promised to save money but did not, leads one to one obvious conclusion. The only way to limit the growth of welfare spending is to do just that: limit the growth of welfare spending. The welfare system must be put on a diet. The future growth of federal means-tested welfare spending should be capped at 3.5 percent per annum.[5] Individual programs would be permitted to grow at greater than or less than 3.5 percent according to congressional priorities, but aggregate spending must fall within the 3.5 percent ceiling.

By slowing the outpouring from the federal welfare spigot, the cap would gradually reduce the subsidization of dysfunctional behavior: dependency, non-work, and illegitimacy. The cap would send a warning signal to state welfare bureaucracies. Cushioned by a steady and increasing flow of federal funds in the past, most bureaucracies have found no need to grapple with the tough and controversial policies needed to really reduce illegitimacy and dependency. With a cap on future federal funds, state governments would, for the first time, be forced to adopt innovative and aggressive policies that would reduce the welfare rolls.

The current welfare system is an abuse and an insult to the exhausted American taxpayer. Welfare reform must also immediately eliminate the most extravagant forms of welfare spending such as providing retirement to elderly immigrants from other nations.

---

[4] These figures represent estimated federal, state and local spending on means-tested welfare programs and aid to economically disadvantaged communities. The Congressional Budget Office estimates only future federal spending. Future state and local spending figures were estimated separately by assuming that the ratio of federal spending to state and local spending on specific programs would remain unchanged. This is a reasonable assumption since the required state contribution to most federal welfare programs is legislatively established at a fixed percentage of federal spending on that program. These percentages change little over time.

[5] Medicaid and means-tested veterans programs should be exempt from the cap.

THE U.S. WELFARE SYSTEM

MEANS-TESTED ASSISTANCE PROGRAMS AND AID TO ECONOMICALLY DISTRESSED COMMUNITIES

CASH AID

CASH 01) Aid to Families with Dependent Children
Budget Account Number: 75-1501-0-1-609
FY 1993: federal $13,767.2 million state $11,426.8 million

CASH 02) Supplemental Security Income
Budget Account Number: 75-0406-0-1-609
FY 1993: federal $22,642 million state $3,300 million

CASH 03) General Assistance: Cash
Budget Account Number: none
FY 1993: state $3,340 million (estimate)

CASH 04) Earned Income Tax Credit
Budget Account Number: 20-0906-0-1-609
FY 1993: federal $13,663 million

CASH 05) Foster Care: Title IV E
Budget Account Number: 75-1545-1-1-506
FY 1993: federal $2,532.4 million state $1,779.352 million

CASH 06) Assistance to Refugees and Cuban/Haitian Entrants
Budget Account Number: 75-1503-0-1-609
FY 1993: federal $65.122 million

CASH 07) Emergency Assistance to Needy Families with Children
Budget Account Number: 75-1501-0-1-609
FY 1993: federal $202.19 million state: $202.19 million

CASH 08) Adoption Assistance
Budget Account Number: 75-1545-1-1-506
FY 1993: federal $273.382 million state $155.828 million

CASH 09) General Assistance to Indians
Budget Account Number: 14-2100-0-1-452
FY 1993: federal $106.114 million

MEDICAL AID

MEDICAL 01) Medicaid
Budget Account Number: 75-0512-0-1-551
FY 1993: federal $75,744 million state $56,051 million

MEDICAL 02) General Assistance: Medical Care
Budget Account Number: none
FY 1993: state $5,204 million (estimate)

MEDICAL 03) Indian Health Services
Budget Account Number: 75-0390-0-1-551
FY 1993: federal $1,495.454 million

MEDICAL 04) Maternal and Child Health Services Block Grant
Budget Account Number: 75-0350-0-1-550
FY 1993: federal $664.530 million state $423.6 million

MEDICAL 05) Community Health Centers
Budget Account Number: 75-0350-0-1-550
FY 1993: federal $558.808 million

MEDICAL 06) Medical Assistance to Refugees and Cuban/Haitian Entrants
Budget Account Number: 75-1503-0-1-609
FY 1993: federal $98.043 million

MEDICAL 07) Migrant Health Services
Budget Account Number: 75-0350-0-1-550

FY 1993: federal $57.306 million

MEDICAL 08) Medicare for Persons with Incomes Below the Federal Poverty Threshold
Budget Account Number: None
FY 1993: federal $15,516.800 million

FOOD AID

FOOD 01) Food Stamps
Budget Account Number: 12-3505-0-1-605
FY 1993: federal $23,577 million state $1,628 million

FOOD 02) School Lunch Program
Budget Account Number: 12-3539-0-1-605
FY 1993: federal $4,670.9 million

FOOD 03) Special Supplemental Food Program for Women, Infants, and Children (WIC)
Budget Account Number: 12-3510-0-1-605
FY 1993: federal $2,846.5 million

FOOD 04) The Emergency Food Assistance Program
Budget Account Number: 12-3635-0-1-351
FY 1993: federal $163.4 million

FOOD 05) Nutrition Program for the Elderly
Budget Account Number: 12-3503-0-1-351
FY 1993: federal $573.939 million state $65.007 million

FOOD 06) School Breakfast Program
Budget Account Number: 12-3539-0-1-605
FY 1993: federal $866.0 million

FOOD 07) Child and Adult Care Food Program (Means-Tested and Low-Income Component)
Budget Account Number: 12-3539-0-1-605
FY 1993: federal $1,225.704 million

FOOD 08) Summer Food Service Program for Children
Budget Account Number: 12-3539-0-1-605
FY 1993: federal $210.4 million

FOOD 09) Needy Families Food Distribution Program (Commodity Food Distribution Program on Indian Reservations in Lieu of Food Stamps)
Budget Account Number: 12-3503-0-1-605
FY 1993: federal $61.968 million

FOOD 10) Commodity Supplemental Food Program (CSFP) for Mothers, Children, and Elderly Persons
Budget Account Number: 12-3512-0-1-605
FY 1993: federal $110.58 million

FOOD 11) Special Milk Program (Free Segment)
Budget Account Number: 12-3502-0-1-605
FY 1993: federal $1.44 million

HOUSING AID

HOUSING 01) Section 8 Lower-Income Housing Assistance
Budget Account Number: 86-0164-0-1-604; 86-0194-0-1-604
FY 1993: federal $13,288 million

HOUSING 02) Low-Rent Public Housing
Budget Account Number: 86-0163-0-1-604; 86-0164-0-1-604
FY 1993: federal $3,726.8 million

HOUSING 03) Section 502 Rural Housing Loans for Low-Income Families
Budget Account Number: 12-2081-0-1-371
FY 1993: federal $1,842.989 million

HOUSING 04) Section 236 Interest Reduction Payments
Budget Account Number: 86-0148-0-1-604
FY 1993: federal $634.744 million

HOUSING 05) Section 515 Rural Rental Housing Loans

Budget Account Number: 12-2081-0-1-371
FY 1993: federal $573.857 million

HOUSING 06) Section 521 Rural Rental Assistance Payments
Budget Account Number: 12-0137-0-1-604
FY 1993: federal $393.922 million

HOUSING 07) Section 235 Homeownership Assistance for Low-Income Families
Budget Account Number: 86-0148-0-1-604
FY 1993: federal $62.033 million

HOUSING 08) Section 101 Rent Supplements
Budget Account Number: 86-0129-0-1-604
FY 1993: federal $55.1 million

HOUSING 09) Indian Housing Improvement Grants
Budget Account Number: 14-2301-0-1-452
FY 1993: federal $19.922 million

HOUSING 10) Section 504 Rural Housing Repair Loan Grants for Very Low-Income Rural Homeowners
Budget Account Number: 12-2081-0-1-371
FY 1993: federal $11.330 million

HOUSING 11) Section 514 Farm Labor Housing Loans
Budget Account Number: 12-2081-0-1-371
FY 1993: federal $16.299 million

HOUSING 12) Section 523 Rural Housing Self-Help Technical Assistance Grants and Section 523 Rural Housing Loans
Budget Account Number: 12-2006-0-0-604 (grants); 12-2080-0-1-371 (loans)
FY 1993: federal $11.142 million

HOUSING 13) Section 516 Farm Labor Housing Grants
Budget Account Number: 12-2004-0-1-604
FY 1993: federal $15.936 million

HOUSING 14) Section 533 Rural Housing Preservation Grants for Low-Income Rural Homeowners
Budget Account Number: 12-2070-0-1-604
FY 1993: federal $23 million

HOUSING 15) Public Housing Expenditures by State Governments
Budget Account Number: none
FY 1993: state $2,856 (estimate)

ENERGY AID

ENERGY 01) Low-Income Home Energy Assistance Program
Budget Account Number: 75-1502-0-1-609
FY 1993: federal $1,318.961 million state $92.327 million

ENERGY 02) Weatherization Assistance
Budget Account Number: 89-0215-0-1-999
FY 1993: federal $182.368 million

EDUCATION AID

EDUCATION 01) Pell Grants
Budget Account Number: 91-0200-0-1-502
FY 1993: federal $6,098.572 million

EDUCATION 02) Head Start
Budget Account Number: 75-1536-0-1-506
FY 1993: federal $2,776.041 million state $694 million

EDUCATION 03) Title One Grants to Local Education Authorities for Educationally Deprived Children Under the Elementary and Secondary Education Act
Budget Account Number: 91-0900-0-1-501
FY 1993: federal $6,139.868 million

EDUCATION 04) Supplemental Educational Opportunity Grants
Budget Account Number: 91-0200-0-1-502
FY 1993: federal $588.108 million

EDUCATION 05) Chapter One Migrant Education Program
Budget Account Number: 91-0900-0-1-501
FY 1993: federal $302.773 million

EDUCATION 06) Special Programs for Students from Disadvantaged Backgrounds (TRIO Programs)
Budget Account Number: 91-0201-0-1-502
FY 1993: federal $388.165 million

EDUCATION 07) State Student Incentive Grants (SSIG) for Needy Students
Budget Account Number: 91-0200-0-1-502
FY 1993: federal $78.003 million state $78.003 million

EDUCATION 08) Fellowships for Graduate and Professional Study for Disadvantaged Minorities
Budget Account Number: 91-0900-0-1-502
FY 1993: federal $61.628 million

EDUCATION 09) Follow Through
Budget Account Number: 91-1000-0-1-501
FY 1993: federal $8.478 million

EDUCATION 10) Even Start
Budget Account Number: 91-0900-0-1-501
FY 1993: federal $90.122 million

JOBS AND TRAINING AID

TRAINING 01) Training for Disadvantaged Adults and Youth (JTPA II-A), Block Grant
Budget Account Number: 16-0174-0-1-504
FY 1993: federal $1,691.7 million

TRAINING 02) Summer Youth Employment Program (JTPA II-B)
Budget Account Number: 16-0174-0-1-504
FY 1993: federal $849.412 million

TRAINING 03) Job Corps (JTPA-IV)
Budget Account Number: 16-0174-0-1-504
FY 1993: federal $949.287 million

TRAINING 04) Senior Community Service Employment Program
Budget Account Number: 16-0175-0-1-504
FY 1993: federal $389.046 million state $43.23 million

TRAINING 05) Job Opportunity and Basic Skills Training (JOBS)
Budget Account Number: 75-1509-0-1-504
FY 1993: federal $736.500 million state $456.630 million

TRAINING 06) Foster Grandparents
Budget Account Number: 44-0103-0-1-506
FY 1993: federal $38.923 million state $8.95 million

TRAINING 07) Senior Companions
Budget Account Number: 44-0103-0-1-506
FY 1993: federal $14.571 million state $3.35 million

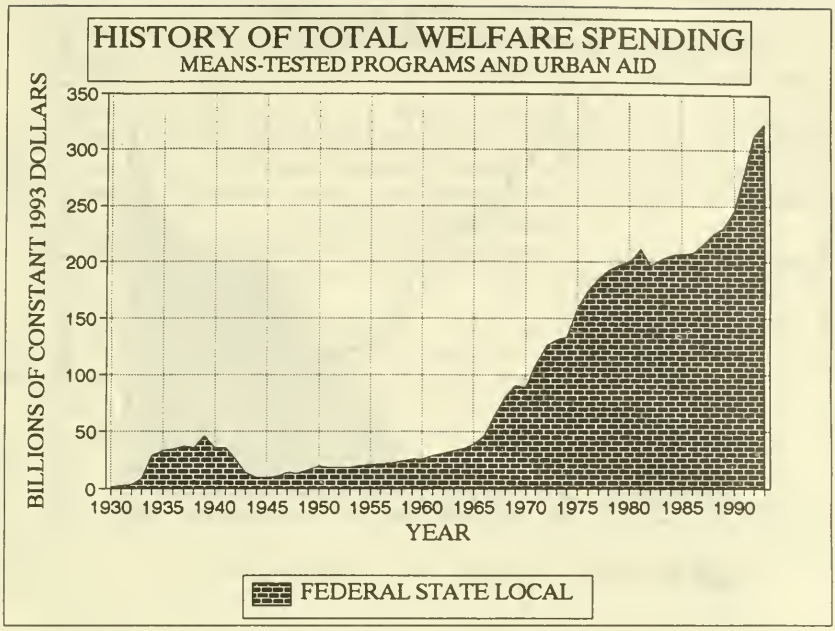
TRAINING 08) Migrant and Seasonal Farm Workers Training Program
Budget Account Number: 16-0174-0-1-504
FY 1993: federal $78.303 million

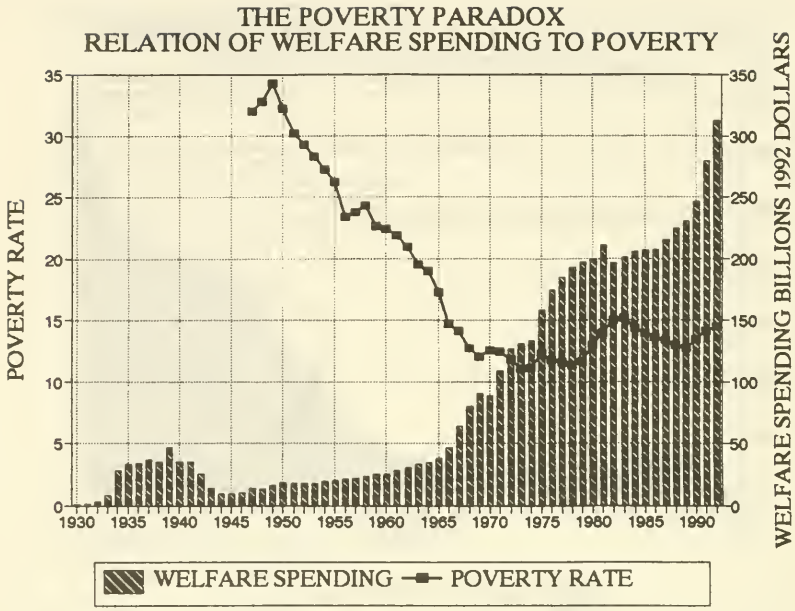
TRAINING 09) Indian and Native American Employment and Training Program
Budget Account Number: 16-0174-0-1-504
FY 1993: federal $61.871 million

SOCIAL SERVICES

SERVICES 01) Social Services Block Grant (Title XX)
Budget Account Number: 75-1634-0-1-506
FY 1993: federal $2,784.745 million state $2,200 million

SERVICES 02) Community Services Block Grant
Budget Account Number: 75-1504-0-1-506
FY 1993: federal $442.830 million


HISTORY OF TOTAL WELFARE SPENDING
MEANS-TESTED PROGRAMS AND URBAN AID
BILLIONS OF CONSTANT 1993 DOLLARS
350
300
250
200
150
100
50
0
1930 1935 1940 1945 1950 1955 1960 1965 1970 1975 1980 1985 1990
YEAR
FEDERAL STATE LOCAL


THE POVERTY PARADOX
RELATION OF WELFARE SPENDING TO POVERTY
POVERTY RATE
WELFARE SPENDING BILLIONS 1992 DOLLARS
35
30
25
20
15
10
5
0
350
300
250
200
150
100
50
0
1930
1935
1940
1945
1950
1955
1960
1965
1970
1975
1980
1985
1990
WELFARE SPENDING
POVERTY RATE

Chairman FORD. You must have predicted that George Bush was going to be elected President in 1988.

Mr. RECTOR. He wasn't my candidate.

Chairman FORD. Is the Heritage Foundation 501(c)(3)?

Mr. RECTOR. Yes.

Chairman FORD. You are a welfare program. Don't you get tax writeoffs? Doesn't everybody that gives a contribution to this Heritage Foundation get a tax writeoff because of you being a 501(c)(3)? What is the difference in that welfare and the welfare that we are talking about for the human needs of people?

Mr. RECTOR. I will explain that difference.

Chairman FORD. You get paid by those contributions, don't you?

Mr. RECTOR. Yes, I do.

I will explain that difference. The Congressman seems to be working with assumptions quite common in Congress, which is that the government owns all of the people's income.

Chairman FORD. 501(c)(3), those who make contributions for your salary, it is a tax writeoff at the expense of all taxpayers in this country. Is that right or wrong?

Mr. RECTOR. Let me explain, Congressman. If you had a 100-percent tax rate on people on their earned income, and then you gave them a deduction so that you only took 90 percent of their income, would you say that allowing them to keep 10 percent of their income was a welfare benefit that they earned?

Chairman FORD. What is it? In other words, if we didn't have your 501(c)(3) paying you to be an advocate to bring false information to a subcommittee on welfare reform, and talking about poor people, I am saying that you are using my tax dollars on your 501(c)(3).

It is a writeoff. I am paying the cost of it.

Mr. RECTOR. I certainly am not. I am not using any penny earned by you. I am using pennies earned by other people.

Chairman FORD. It would be revenue coming into the Treasury Department.

Mr. RECTOR. The argument that you can make in the larger case is home mortgage deduction is welfare. In essence, what we are saying there is that the average median income family pays 38 percent of its income to Federal, State and local taxes, 38 percent of its income there, and if they didn't have the home mortgage deduction, they would pay 50 percent.

Therefore, because they are only paying 38 percent instead of 50 percent, that residual, that 12 percent constitutes welfare. I would not advise that you or any other Member——

Chairman FORD. I don't need your advice, Mr. Rector. We are going to end this right now. I don't need your advice on it. You work with a subsidized taxpayers job.

This welfare that we are talking about, you should add your company on this list. You are guilty of the same thing that we are talking about if anybody is guilty at all.

That is the end of the remarks from you, Mr. Rector.

Dr. Burbridge, you had some comments?

Mr. LOCKHART. The issue of welfare reform is one that has been with us for many, many years, and it is attributed to so many things in this country. Today we are here to discuss why it is so

important to look at a new wave for families and it is very difficult to come to Washington to a hearing of this stature to engage in a diatribe or listen to a diatribe that doesn't include in its context families that are poor, families that have a right to create and be given an opportunity, families that choose us as their representatives to send a message that something needs to be done, families that don't have the opportunity to stand up and be counted many, many times.

It is our responsibility as professionals to come here to do that. And today I think that some of the issues that we are discussing are going to set the foundation for what is to come as it relates to our families in this country.

There are a tremendous number of problems in our cities and in our urban States and it is time that we begin to look at families in the context of our investment and not as something that is at the end of someone else's discussion point.

So, Mr. Chairman, I would like to certainly applaud you for having this particular hearing, and giving us this opportunity to testify on behalf of poor families that look to us for leadership in a time when so many of them are troubled.

Governments are struggling with the fact that resources are diminishing, but it is important not to diminish the importance of the poor folks that are growing in numbers and not because of them, but because of the system that has chosen not to deal with them as investments. Because every single poor child is an investment in our future, and every day we spend talking about someone else's problem and not focusing in on that hungry child that is living in a single family, that is looking for housing, that is wondering what a computer is, that is looking at the television seeing their sisters and brothers killed in their neighborhoods, we are not talking about them as an investment, which I don't think I could support.

Chairman FORD. I appreciate that comment. I assure you that I am not going to let the Heritage Foundation, who is a bunch of paid political lobbyists, come before this subcommittee to distort the facts. This is not the Brookings Institution. This is not a real research institute. This is a group of people who enjoy a 501(c)(3) writeoff that come here to give us this political rhetoric to distort the facts, and I am not going to let that happen because we are playing with the lives of children.

You talked about the emergency assistance program, Mr. Lockhart. Historically only a handful of States have drawn down the money disproportionately. What do you think explains this particular element?

You talked about your State was in severe need of a continuation of emergency assistance dollars. Why is it that other States have disproportionately drawn down these dollars?

Mr. LOCKHART. As I stated, the State of New Jersey experienced a great increase in homelessness during the eighties and it was a tremendous problem within our State and people were living in motels and hotels, et cetera. One thing that emergency assistance allowed us the opportunity to do was to create a program that addressed a crisis, a crisis which said that in order to prevent homelessness, we need to deal with people before they became homeless.

Rather than wait for the crisis, we respond to the symptoms. If a family is in an educational program trying to get off welfare and is experiencing problems with regard to housing and things of that nature, it seems to me that our caseworkers should be providing a professional approach and deciding that these symptoms require some attention, and emergency assistance provides us the opportunity to develop a continuum of preventive programs to ensure that people stay where they live as opposed to becoming homeless. We were spending in excess of $1,400 per month to keep an individual in their respective place.

Chairman FORD. Is that the hotel concept that you were spending a lot of money on?

Mr. LOCKHART. Back in the eighties, that was a major problem. We have been able to stabilize that and reduce our costs immensely, as I stated in my testimony, and we want to continue to create normalcy in the lives of individuals that run into these kinds of problems.

There is no reason why an individual should be placed in a state of homelessness when the State has to pay $1,400 a month. We can provide, through this emergency assistance program, a front-end investment of $300 or $400 a month to keep them there until we can stabilize the family, and that is why States like California, New York and New Jersey, because of their populations, require this type of assistance.

Chairman FORD. Ms. Anderson, you had your hand up.

Ms. ANDERSON. I wanted to step into the mud here a little bit around children without fathers because I think in your earlier statement you kind of indicated that was not an important issue. I think that fatherlessness of children in this society is an absolutely important issue for this society——

Chairman FORD. You misunderstood me to say it was not. I didn't mean it that way. I am saying that the word illegitimacy——

Ms. ANDERSON. Children outside of marriage do not bring the other parent's resources to them. We can call it anything we want to call it, but when you have a child who walks into this life where the mother has refused to engage the father in a relationship with that child, you disadvantage that child.

One thing we know is that it is fatherless children who are causing our problems, especially young women who get pregnant before the age of 20 who don't get married and who continue to move forward within the system. They stay on it longer and have children at a higher rate.

Chairman FORD. You can't show me any evidence to show that it has increased the welfare rolls. That is what we are talking about in this conversation.

I surely do not applaud out-of-wedlock births, but at the same time, we do not see any evidence.

Ms. ANDERSON. One thing that we do know is that when the economy was going good in this country, the welfare rolls were increasing. Something is wrong with a system when—we have the evidence and I will send it to you.

Chairman FORD. What evidence?

Ms. ANDERSON. It shows it in the State of California, and maybe California is unique. As employment was good, welfare rolls were

increasing. Our thought is that maybe it was because we had more teenage pregnancy, and the teens stay on AFDC and our caseload is 7 percent per year and 54 percent were teenage moms.

If you look at our juvenile delinquency side, which most people don't, most juvenile delinquents come from homes where there had never been a father in the house. My suggestion is that we need to pay attention to fatherlessness in the society.

We have a whole program that is designed to support women. Where is the support for the fathers, guys? We have a program that says to a woman she would be stupid if she didn't marry this program rather than marry the man because it gives her far more benefits than it gives to a poor man.

Something that we have never done in society before is to make a distinct difference between how a poor man can have a family and how a middle-class man can have a family. We continue to make programs in this country that support middle-class family structures, but don't support poor family structures and AFDC seems to be a prime cause of men not being in the inner cities, men not being in rural areas, men not marrying.

Why would a woman want to marry a man who can't bring to her as much as AFDC can bring to her? It seems to me that this is simple economics.

Chairman FORD. You have no evidence to show. I hear you, but the facts don't support it.

Ms. ANDERSON. I will send you the facts.

[The following was subsequently received:]

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

November 14, 1994

The Honorable Harold E. Ford
U.S. House of Representatives
B317 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Ford:

Thank you for the opportunity to speak before the Committee on Ways and Means, Subcommittee on Human Resources. Your willingness to listen to the multitude of perspectives on welfare dependency is appreciated. As requested, the enclosed materials provide the Subcommittee with the studies and analyses upon which my testimony was based.

One major point of my testimony was to stress that increased out-of-wedlock births have had a major impact on California's Caseload growth. Enclosed are two papers that support this finding in more detail: Both papers were published by the California Department of Social Services Making Welfare Work. California's Welfare Reform Demonstration Project--Principles and Perspectives, July 1992, and Making Welfare Work in California, Comprehensive Reform, 1993-94 Governor's Budget, January 1993. In the July 1992 publication, Chapter 1, The AFDC Program: Costs and Program Trends, provides a comprehensive analysis of caseload trends compared to the state's economy, and the factors contributing to California's dependency rate. Pages 13-16 in particular, address births to unmarried women, and teenage birth rates. A shorter, updated discussion of caseload growth and teenage mothers is contained in the January 1993 paper, specifically pages 1, 2, and 11.

A second issue I addressed in my testimony was that AFDC seems to be one of the causes of our increase in unwed births. Welfare recipients make rational everyday decisions based on simple economics. When faced with a choice of marrying a man with a minimum wage job versus living without him and receiving AFDC and the associated benefits--Medicaid, food stamps and child care, welfare certainly looks better. This is especially true in California.

For example, a typical non-working mother of two children in California receives $1,108 in monthly benefits ($607 AFDC, $231 food stamps, and $270 Medicaid), which is only $46 less than the $1,154 net spendable income the family would have with the father working at a minimum wage job ($624 net earnings, $319 food stamps, and $211 earned income tax credit). It is unlikely that the additional $46 of income would fully offset the additional living expenses of the father. Thus, in California, there is a financial advantage for an AFDC mother to not marry a low-income working man.

Although not directly related to my testimony, also enclosed is a recent paper published by my department entitled Bringing Integrity to Welfare in California. A Strategic Plan for Eliminating Fraud, Waste, and Abuse, January 1994. This report lays out what is being done in California to reduce unnecessary welfare spending. These actions may have national significance that should be of interest to the Subcommittee.

Thank you again for the opportunity to testify before your Subcommittee. I look forward to working with you and the members of the Subcommittee, as Congress grapples with the difficult and important issues facing low-income families.

Sincerely,

ELOISE ANDERSON
Director

Enclosures

c: Rick Santorium,,Ranking Member

[THE REPORTS REFERRED TO IN THIS LETTER ARE BEING RETAINED IN THE COMMITTEE FILES.]

Chairman FORD. Tell me where you got it from.

Ms. ANDERSON. If a poor man makes minimum wage and a woman—and she gets pregnant, which a lot of women get pregnant before they get married—she sits down and calculates his low-wage job plus what she would get off AFDC, AFDC sure looks better, especially in the State of California.

She gets Medicaid, food stamps, a grant and child care. Why would she want a poor guy?

Chairman FORD. You are confused on the issue.

Ms. ANDERSON. I used to work with AFDC recipients. I watched them make decisions. They are not stupid people. They make rational, everyday decisions.

You have a system sitting in front of them that says "Come here. Don't go over there." Then we come running out as little workers and say "You poor dear. You can't do this and you can't do that." We treat them like they are idiots and imbeciles. They are not.

They have the same sensibilities that you and I do and what has to get out of their way is us and we need to create a system that gets out of their way.

You want a system that didn't create more socialworkers, I am with you. The system stands in their way.

Are we afraid they will compete for our jobs? I think I would like to have the challenge.

Chairman FORD. Dr. Wallace, would you like to respond?

Mr. WALLACE. I think MDRC would agree that paying attention to the fathers is an important ingredient in welfare reform. We are now operating a demonstration called parents fair share with the Department of Health and Human Services in which noncustodial fathers of children on welfare are provided employment and training services in addition to enhanced child support enforcement.

There are seven States involved and we hope to have impact results in about 1½ years.

Ms. BURBRIDGE. I wanted to make a brief comment. I have been a little concerned throughout this hearing of the associations that people are making. The first thing you learn in your first course in social science is just because you have a line going this way and a line going that way doesn't mean that there is a causality between the two.

You cannot assume a causality. You have to do more careful and detailed analysis.

There have been studies that have looked at the relationship between out-of-wedlock births and welfare, very sophisticated statistical analysis, that have found little or weak associations between the two.

I realize in the mind of the public there is an association, but you cannot make that assumption. There can be third factors and other variables that are pushing both of those——

Chairman FORD. That is not the message we are trying to convey. There are groups who use these televised forums to say these things and they have no evidence to support what they are talking about. It is a typical example of today.

On this panel today, misinformation, misguided information, someone is being paid a tax writeoff to bring this information before us here.

I will recognize you, sir.

Mr. RECTOR. Just last week, you had very convincing testimony in this subcommittee by Charles Murray and by June O'Neill——

Chairman FORD. It wasn't convincing to me.

Mr. RECTOR. If you look at the literature, in the last 10 years there have been about 14 studies on the impact of welfare on illegitimacy and all but about 3 show considerable results; that welfare does, in fact, promote illegitimacy.

Chairman FORD. One of the studies, I am sure was the Heritage Foundation.

Mr. RECTOR. I regret to say it wasn't.

Chairman FORD. You are using that information today in your testimony?

Mr. RECTOR. Yes.

Dr. O'Neill's study, which I think is the most recent, showed that a 50-percent increase in the monthly value of food stamps and AFDC led to a 40-percent increase in the number of out-of-wedlock births. It was a cross-State analysis that she provided to you comparing low- and high-benefit States.

I think that basically in welfare, as in other things in life, you get what you pay for and the welfare system for over 25 years has paid for nonwork and nonmarriage and out-of-wedlock births. The people who have lost most from that are the very people that we are trying to help.

Chairman FORD. Once again, out-of-wedlock birth is something that we were talking about.

I think, Dr. Burbridge just made a statement, but we can't find the evidence that you make reference to. You certainly deserve that right to have your own opinion about it, so does the Heritage Foundation. But to bring it to this subcommittee, this member of this subcommittee—I don't speak for all my colleagues on this subcommittee by any means, but your information, your data are wrong, the evidence that you drag to the subcommittee today. I don't want to have a one-on-one with you.

Mr. RECTOR. Congressman, you have made very insulting remarks about me and my organization.

Chairman FORD. The subcommittee will come to order. Either leave the subcommittee or respect the subcommittee. You will not be recognized again.

Ms. Aviv.

Ms. AVIV. I wanted to comment not so much about the questions you have asked now, but on an issue that came up in previous panels, the question of why there is an increase in payments to legal immigrants, why there is an appearance that so many more legal immigrants are on the SSI system.

Mr. Santorum showed a chart where there is this growing gap and you expressed some concern as to try to get to the bottom of that question. Those of us who have been involved in this question of welfare reform and concerns about immigration and refugees have also looked at these issues and we have come up with a couple of answers that might explain some of the reasons for this movement.

First, in the last number of years we have seen, in fact in the last 10 years, we have seen the immigration population more than

double and the reason is because of the 1986 amnesty program, and refugee flows increasing and now remaining at a steady level, but that would explain the reasons for increased dependency or increased association with SSI, and also the increase in the 1990 legal immigration bill. That is the one side.

At the same time that this was happening, we found that more native-born Americans at this time are on the Social Security program and on Medicare and have moved off SSI. For those legal immigrants who only have access to SSI, since they don't have access to Social Security, one would see that the statistics are more even.

If one only looks at SSI, it looks as if more legal immigrants are accessing. The number of people who go on SSI, legal aliens, in fact, come in on much lower numbers and within the first 3 years after the deeming period, only 25 percent applied after 5 years, and 27 percent applied after 10 years.

So the suggestion that legal immigrants come and see the welfare system as a magnet is not supported by the facts.

Chairman FORD. We have some evidence that there are middlemen recruiting in these other countries to bring immigrants into this country for the purpose of going on SSI.

We have had witnesses to testify to that, the Justice Department and the U.S. Attorney's Office are looking at large numbers of these applications. It was my intent to just say that we are concerned about the numbers.

If there is fraud and abuse in the program as it relates to legal immigrants being here in this country, whatever the benefits are, I have no problems in supporting it. But any abuse that is in the program, if some of these allegations or charges made are correct, I have a big concern.

Ms. AVIV. I would suggest that may, in fact, be true. It is not our experience with the vast majority and if that is the case, I don't think that anybody would disagree with what you are suggesting.

Our understanding based on experience, both on the ground and from the research that we have as to why immigrants come to this country, legal immigrants, the first and primary reason is for family reunification.

The second reason is to escape persecution; and the third reason is for jobs. There may be a certain element of people that we can identify who come and say that the welfare system is the reason that they come, but evidence supports that there are other compelling drives that bring people to this country.

That is a reason we would be distressed to fund welfare reform.

Chairman FORD. Thank you very much.

Let me thank the panelists for testifying and thank you very much for the long wait that you have had all day long today. I thank each one of you personally.

I am sure we don't see eye to eye but to Mr. Rector and all the rest, thank you for appearing.

This concludes the hearings on welfare, subject to the call of the Chair. This will conclude the business for the day.

[Whereupon, at 5:45 p.m., the hearing was adjourned, to reconvene subject to the call of the Chair.]

TIME LIMITING CASH ASSISTANCE IN PRESIDENT CLINTON'S WELFARE REFORM PROPOSAL

TUESDAY, AUGUST 16, 1994

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, D.C.

The subcommittee met, pursuant to call, at 12 noon, in room B–318, Rayburn House Office Building, Hon. Harold E. Ford (chairman of the subcommittee) presiding.

Chairman FORD. The Human Resources Subcommittee on Ways and Means will come to order.

The hearing is on time limiting cash assistance in the President's welfare reform proposal. This morning's hearing is the sixth of a series of hearings the Subcommittee on Human Resources is holding on welfare reform. The focus is on time limiting cash assistance and work.

Many believe that time limiting cash assistance is the central element in President Clinton's welfare reform bill. They say a time limit is a necessary part of the President's promise to end welfare as we know it.

Critics say it is a clever idea, but it is untested. They prefer demonstrations on time limits before we implement a nationwide system. They ask: What will happen to the children when they are cut off from assistance? Will they become homeless or will the children fall into an already overburdened foster care system?

Answers to these and other questions are critical to successful implementation of this part of the proposal that has been fashioned by the administration.

When President Clinton first proposed his welfare reform plan, it had four components: Making work pay, providing the necessary education and training, improving child support enforcement, and imposing a time limit on cash assistance. Although we have argued and will continue to argue about the details of the plan, the President has clearly fulfilled his promise to the American people and now it is up to the Congress to keep our end of the bargain.

From the beginning, I have supported the President's proposal to time-limit cash assistance, but now we must break it down into its components and analyze the issues that are before this subcommittee. This raises a number of fundamental questions: Is the phasing in of young parents the best way to implement the plan? Will the services provided in the expanded JOBS program and the experi-

ence gained in the work program lead to real jobs and self-sufficiency for participants?

What will happen to welfare recipients if they find jobs with no health insurance? What will happen to children of parents who are ineligible for family aid as a result of a JOBS sanction or a work sanction?

Today we will address many of these questions before this subcommittee. But let us make no mistake about the magnitude of the President's proposal and of the task ahead of all of us. This is a sweeping proposal and the job ahead of us on this committee, the real job, will be whether or not we can agree upon certain provisions of a welfare reform package and report that bill out to the full committee and bring it to the House floor for a final vote.

But the Subcommittee on Human Resources is up to the task and, as chairman, I look forward to hearing from the witnesses today and trying to incorporate their ideas into a bill that will eventually pass this Congress.

I want to welcome the two panels of witnesses, one on the issue related to work and the other on the rights and the needs of children in this system. They have much to tell us today and I am sure that the members of this committee will want to hear from them and also raise questions and make certain comments.

So at this time, I will recognize Mr. Camp as the ranking minority member of this committee for any opening statements or remarks that you may want to give at this time.

Mr. Camp.

[The prepared statement follows:]

OPENING STATEMENT
THE HONORABLE HAROLD E. FORD, CHAIRMAN,
SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS

Hearing of the Subcommittee on Human Resources
on Time Limiting Cash Assistance
in President Clinton's Welfare Reform Proposal

August 16, 1994

This morning's hearing is the sixth in a series of hearings the Subcommittee on Human Resources is holding on welfare reform. The focus is on time-limiting cash assistance and work.

Many believe that time-limiting cash assistance is the central element in President Clinton's welfare reform bill. They say a time limit is a necessary part of the President's promise to "end welfare as we know it." Critics say it is a clever idea, but it is untested. They prefer demonstrations on time limits before we implement a nationwide system. They ask: "What will happen to the children when they are cut off from assistance?" "Will they become homeless?" Or, "Will the children fall into our already overburdened foster care system?" Answers to these and other questions are critical to successful implementation of this part of the proposal.

When President Clinton first proposed his welfare reform plan, it had four components: making work pay; providing the necessary education and training; improving child support enforcement; and imposing a time limit on cash assistance. Although we have argued and will continue to argue about the details of the plan, the President has clearly fulfilled his promise. Now it is up to Congress to keep its end of the bargain.

From the beginning, I have I supported the President's proposal to time-limit cash assistance. But now we must break it down into its components and analyze the issues. This raises a number of fundamental questions: Is the phasing in of young parents the best way to implement the plan? Will the services provided in the expanded JOBS program and the experience gained in the WORK program lead to real jobs and self-sufficiency for participants? What will happen to welfare recipients if they find jobs with no health insurance? Or, what will happen to the children of parents who are ineligible for family aid as a result of a JOBS sanction or a WORK sanction?

Today, we will address these questions. But let us make no mistake about the magnitude of the President's proposal and of the task ahead of us. This is a sweeping proposal and the job ahead of us is enormous. But the Subcommittee on Human Resources is up to the task, and I, as Chairman, look forward to hearing the witnesses and trying to incorporate their ideas into a bill that will eventually pass the Congress.

I want to welcome the two panels of witnesses, one on the issues related to work and the other on the rights and needs of children in this system. They have much to tell us today, so let us begin.

Mr. CAMP. Thank you very much, Mr. Chairman.

For many of us, the topic of today's hearing, time-limited welfare, is one of two central issues of welfare reform, the other being births outside of marriage. To put the matter bluntly, welfare must be limited, time limited and here is why.

It is true that lots of people leave welfare each year, around half of them for work, but a great number of people stay on the rolls for a very long time. Right now, the AFDC rolls have 2.5 million families that will eventually be on welfare for 8 years or more. During that time, they can easily use $80,000 or $90,000 in benefits paid by their fellow citizens, to say nothing of the waste of human potential represented by every welfare dependent adult.

The Clinton administration and both Democrats and Republicans on this subcommittee have emphasized making work pay. Our view is that expansions in the minimum wage, the earned income tax credit, day care programs, and medical coverage in the past decade have already done a great deal. We don't need to make work pay. We need to make work necessary as well. And as nearly as we can tell for millions of welfare families, the only way to do that is to tell them, as soon as they enroll on AFDC, that they have at most 2 years of job preparation before they must work for their benefits.

I doubt that even the most optimistic children's advocate would predict that Congress will enact new welfare benefits or substantially increase existing benefits at any time in the foreseeable future. Thus, those on welfare are like the rest of us. Their best hope for providing for themselves and their children is their own efforts, not government largess.

Those who get off welfare by themselves deserve great credit. Those who do not need both a push and a pull and the proper incentives. The pull is the generous package of nonwelfare benefits, health care, day care, and the EITC that will soon be worth up to $3,500 per year. The push is time-limited benefits.

In this time of growing taxpayer expectation that Congress will change the values on which welfare programs are based, this subcommittee would be ill-advised to delay time-limiting welfare because a few Members of Congress think that those on welfare are incapable of supporting themselves and their children.

Thank you.

Chairman FORD. Thank you, Mr. Camp.

Mr. Levin and Mr. Cardin, would you like to be recognized?

Mr. LEVIN. No.

Mr. CARDIN. No.

Chairman FORD. If not, we will call up the first panel, Mark Greenberg, senior staff attorney for the Center for Law and Social Policy. To my right here, if you don't mind, Michael Horowitz, senior fellow with the Manhattan Institute; and Mickey Kaus, senior editor of The New Republic.

Mr. Greenberg, we will start with you, and thank you very much. And let us apologize for not starting this morning at 10 o'clock and thank all the panelists for their patience.

You are recognized now, sir.

STATEMENT OF MARK GREENBERG, SENIOR STAFF ATTORNEY, CENTER FOR LAW AND SOCIAL POLICY

Mr. GREENBERG. Thank you, Mr. Ford, and thank you for holding this hearing today.

Chairman Ford and members of the subcommittee, I appreciate having an opportunity to talk with you today about the issues presented by the administration's proposed legislation and by other "2 years and work" proposals. There are important differences between the proposals but each of the bills require work as a condition of further aid after 2 years.

This morning I want to explain some basic concerns about the "2 years and work" model and suggest other approaches to welfare reform which may be much more promising.

In my testimony this morning, I want to make three basic points. The first is that the "2 years and work" model is grounded in misconceptions about the families who receive AFDC and, as a result, it is addressing the wrong problem.

The second is that the approach has never been tested anywhere, there are serious questions about its feasibility and its likely impacts.

The third is that implementing this approach runs the risk of impairing the effectiveness of the JOBS program, of curtailing access to education and training for AFDC families, and misspending scarce resources which could be more productively used to help families succeed in employment. In the next few minutes, I will expand on each point.

First, I think that much of the popularity of the "2 years and work" approach stems from a broad public perception that families typically come into the welfare system and stay forever, and that they do so either because they don't know about the world of work or that they have rejected the world of work.

When one looks at AFDC caseload data, one gets a very different picture. It is clear that the majority of those who enter the system do not become long-term, continuous recipients. Rather, about half leave in the first year, about 70 percent in 2 years, and only about 10 to 15 percent receive aid continuously for 5 years or more.

The typical pattern is not one of long-term, continuous welfare receipt. At the same time, the research indicates that many of those who leave subsequently return. Estimates are upward from 50 to 70 percent subsequently returning to assistance.

For many, the basic pattern is one of cycling back and forth. It is also clear that many of the exits from AFDC are work-related exits, but that too often those work-related exits are not permanent.

In recent research by LaDonna Pavetti, it was found that 46 percent of AFDC exits were work related but that within 5 years, almost two-thirds of those returned to the system at some point. So for many of the families who make use of the welfare system, the basic problem is not how to force them to stop using aid or how to teach them what the world of work is like, rather the challenge is to help them get to the point where they can support a family. And the way to do that is going to be different for different people.

In some instances, the best approach is education and training. In other instances, it may be job placement or job retention serv-

ices. In others, it may be child care or health care. In some circumstances, we need to recognize that individuals will not have the capacity to earn enough to support a family and ongoing income support to supplement wages may be crucial—whether through AFDC or some other system to supplement low wages.

In situations where a parent has never worked or doesn't have any recent work history, then providing a work assignment may well be the most sensible thing to do. But the key point is that one shouldn't apply that on a routine basis in all cases simply because a family has received aid for 24 months. It makes more sense to look to individual circumstances.

If the problem is the person has never worked, a work assignment may well make sense. If the problem is the individual has worked and their child care arrangements are breaking down, then providing a community service job is not the answer to the problem.

My second point is that the basic "2 years and work" model has never been tested. There has been much discussion about 2-year limits over the last several years and, from that, it is sometimes not appreciated that this approach has not been tested anywhere. A set of States that received waivers last year are beginning efforts to test it but no one has approached the 2-year limit yet. We know nothing about the feasibility of this approach.

Thus, the current moment is very different from 1988 when Congress was looking at the Family Support Act. In 1988, a set of States had operated programs very similar to the JOBS program. There was research about the impacts. There was information about the feasibility of the approach. In contrast, we are entering into a situation where literally nothing is known about feasibility and there are severe questions about impacts.

That is important for two reasons. The feasibility questions are important because, under any of the "2 years and work" models, States would be expected to generate more work slots than has ever been done in the welfare system before.

The best indications from the most recent data are that States involved something like 2,500 families in work subsidy slots in an average month in 1992, and probably not more than 25,000 families in unpaid work assignments. In contrast, the bills envision something on the magnitude of 400,000 to 900,000 in the very early years of this program.

In terms of the likely impact, if the requirements could be accomplished, the fairest answer is that no one knows for sure. We can look at the research on unpaid work experience programs that have been tested in the past, and the indications that there was little or no impact on employment and earnings in those programs. There are major differences in the approach here but, nevertheless, from the existing research, you would not put all your eggs in this basket and say, "This is the way to go."

Given all these uncertainties, what is the harm of just going on ahead and trying it anyway? The major concern is that trying to implement this approach could unravel the success that States have made in their JOBS programs. It will mean that the principal task of the welfare system will shift from trying to help families

enter and succeed in employment to the counting of months of assistance and the administering of work slots.

There are many who hope that only a small number would need work slots, but the best estimates suggest that we are looking at hundreds of thousands, and potentially, when the program reached full implementation, over a million persons in need of work slots. That would become the central focus of the welfare system. In that context, the ability to effectively administer the JOBS program would be severely impaired. Necessary access to education and training would be severely curtailed for many of the families in the system. As you consider alternative approaches, my final point is that, ultimately, the welfare reform discussion needs to be about how to best spend scarce resources. When we think about the potential numbers of work assignments that are involved and the potential cost of that effort, we have to ask if it is the best way to spend limited resources.

The preliminary staff CBO estimates for H.R. 3500, were that the cost of a work assignment could exceed $6,000 a year. If that is the case, then we have to ask, "Is that the best way to spend the money as compared to other approaches, as compared to expanding access to education and training and child care and health care and income support for the working poor?"

As the committee moves forward, it is crucial to appreciate that one can be in favor of welfare reform, in favor of moving to a much more work-based system, and yet against the concept of the 2-year limit because of the fear that that 2-year limit would lead to perverse, unintended effects that could be destructive in the long run.

One example of an alternative welfare reform approach is Representative Matsui's bill. Representative Matsui's bill is one which would dramatically expand funding for the JOBS program. It would make the JOBS program a much more work-focused program. It would, at the same time, put additional resources into child care and other support for the working poor. It offers a means of thinking about how to make welfare a more work-focused program but without shifting to a system obsessed with the measuring of 2-year limits and creating work assignments.

As the debate goes forward, Congress is ultimately going to have to decide whether the principal goal in welfare reform is going to be the counting of months and the creating of work slots or helping families succeed in the work force. These two different goals imply very different choices about how to spend the scarce resources that are available for the welfare reform effort.

Thank you.

[The prepared statement follows:]

TESTIMONY OF MARK GREENBERG
CENTER FOR LAW AND SOCIAL POLICY

Members of the Subcommittee;

My name is Mark Greenberg. I am a Senior Staff Attorney at the Center for Law and Social Policy. CLASP is a non-profit organization engaged in research, policy analysis, technical assistance, and advocacy on a range of issues affecting low-income families. My primary area of activity concerns federal and state welfare reform efforts. I have closely followed and written extensively about state implementation of the JOBS Program under the Family Support Act and developments in state waiver and welfare reform packages.

I greatly appreciate having an opportunity to talk with you today about the issues presented by "two-years-and-work" proposals. While these are sometimes referred to as proposals for "time-limited welfare", it is important to appreciate that neither the Administration's bill nor H.R. 3500 end AFDC after two years: rather, they require work as a condition of further assistance after two years. There are some critical differences among the proposals. However, all of the two-years-and-work proposals share a common framework:

- use of a "clock" in which months are counted from the time a family begins receiving AFDC assistance;
- a structure which limits access to education and training services to (at most) the first twenty-four months of AFDC;
- a requirement that individuals participate in work assignments as a condition of any further assistance to the family after the 24th month;
- a requirement or expectation that states will generate work slots for those who reach the 24-month-point.

My testimony this morning has two parts. In the first part, I want to discuss some of the principal reasons why Congress should reject any bill providing for national implementation of the two-years-and-work model. In the second part, I will discuss some of the key differences among the two-years-and-work models, and some of the key questions that need to be addressed if Congress ultimately determines to adopt such a model.

I. An Argument Against National Implementation of the Two-Years-and-Work Model

Initially, I will discuss three difficulties with the "two-years-and-work" approach:

- The "two-years-and-work" approach is grounded in a misconception about many of the families who receive AFDC assistance. The principal problem in the welfare system is not that parents stay on assistance forever unless they are forced to leave, or that they do not know what work is. Rather, the far more common problem is that parents receiving assistance have worked but cannot earn enough to support a family. Simply forcing them to leave, or exposing them to the "world of work" will not address the underlying problem.
- The "two-years-and-work" approach has never been tested anywhere. It is not prudent to mandate national implementation of a model that has never been tried. There are serious questions about its feasibility, and no information about its likely impacts. From the limited available research on work experience programs, there is little or no basis for believing the approach would substantially increase the employability or earnings capacity of affected families.
- The "two-years-and-work" model runs the risk of curtailing access to

education and training, impairing the effectiveness of the JOBS Program, and misspending scarce resources that could be more productively used to help AFDC families succeed in employment. Moreover, if states are unable to successfully implement the model, the fragile public support for the AFDC Program will be even further jeopardized.

The "two-years-and-work" model is based on misconceptions about many of the families who receive AFDC.

The appeal of the "two-years-and-work" model likely stems largely from the belief that welfare should not be a way of life and that people who can work ought to work. There is a broad perception that families typically come into the welfare system and stay forever, and that too many of them do so because they either do not know about or have rejected the world of work.

An examination of AFDC caseload dynamics presents a very different picture. Much of the early work on caseload dynamics relied on **annual** data, i.e., looking at whether a family received AFDC at some point in the year. More recently, new research has become available that examines AFDC dynamics by looking at **monthly** data. Examining the monthly data makes clear that the vast majority of those who enter the welfare system do not become long-tern continuous recipients. Rather, one finds that 50% of AFDC entrants exit at least once within the year after entering AFDC; that 70% exit within two years; and that only about 10% to 15% of new entrants receive AFDC continuously without a break for five years or more.[1] At any given point, longer-term recipients represent a greater share of the caseload, and there is clearly a group that does receive aid continuously for a substantial period without interruption. However, the typical pattern of AFDC receipt is not long-term, continuous receipt.

The monthly data also makes clear that those who exit AFDC often return. The number who return for a subsequent spell appears to be in the 50% to 70% range. Thus, the problem for many is not long-term continuous receipt but rather a process of cycling in and out of AFDC.

Recent research and data also demonstrate that many families exit AFDC due to work, but often for jobs that pay little and do not result in permanent exits. For example:

- LaDonna Pavetti's examination of a group of young women found that 46% of their AFDC exits were attributable to work. Other recent research using monthly data also suggests that half or more of AFDC exits are attributable to employment.[2] However, Pavetti found that earnings exits were often not permanent exits: by the end of five years, 65% of those who exited AFDC due to employment (and 77% of those who exited for other reasons) had returned to AFDC at least once.

- Data from the recent evaluation of Florida's Project Independence indicates that 61% of the sample had earnings during the prior year. In the year after random assignment, 55% of the experimental group members, and 52.5% of the control group members entered employment. However, only 13.5% of experimentals, and 12.8% of controls, had average total earnings of $7000 or more during the year.

---

[1] See Pavetti, **The Dynamics of Welfare and Work: Exploring the Process by Which Women Work Their Way Off Welfare**, Ph.D. dissertation, Harvard University, 1993; Greenberg, **Beyond Stereotypes: What State AFDC Studies on Length of Stay Tell Us About Welfare as a "Way of Life"** (Center for Law and Social Policy, July 1993).

[2] The recent research is summarized in Bane and Ellwood, **Welfare Realities: From Rhetoric to Reform** (Harvard University Press, 1994), at pp. 58-59. See also Greenberg, **Beyond Stereotypes**, at 23-31.

- In the recent California GAIN evaluation (which involved a greater share of long-term recipients), 57% of experimentals and 51% of controls entered employment during the measured three year period. However, only 40% of experimentals, and 34% of controls were employed during Year 3. Moreover, only 12% of experimentals, and 9% of controls earned as much as $10,000 in Year 3.

When one combines the caseload dynamics research with the evidence on employment entries and retention, it becomes apparent that a very substantial group has recent work history when entering the welfare system; that AFDC exits for employment are more common than typically recognizes; but that too often, the employment does not last and the family is forced to rely on AFDC again.

Thus, for many parents, the principal challenge is not how to force them to stop using AFDC or how to learn what the world of work is like; rather, the principal challenge is to help them reach the point where they can support their family. For some, the answer may be access to education and training; for others, the answer may be stronger job placement or retention services; for others, the answer may be the need for reliable child care and continued access to medical care. In other cases, it is necessary to recognize that they lack - and may continue to lack - the capacity to earn enough to support a family, and that AFDC will continue to be needed as a supplement to low wages.

For some families in which a parent has never worked or has no recent work history, it is entirely possible that participation in a work experience program could be the most beneficial next activity. However, the key point is that one should not jump to that conclusion without considering individual circumstances, and should certainly not jump to the conclusion simply because the individual had accumulated 24 months of AFDC receipt during her lifetime. An individual who has never worked may be quite different from one who has worked repeatedly in unstable, low-wage jobs. Among the universe of those who reach the 24 month point, participation in work assignments will make sense for some, but other approaches will make sense for others.

In short, indiscriminate application of a "two-years-and-work" approach does not fit the available research about who uses AFDC and how they use it. The AFDC population is heterogeneous, there is no single approach which should be specified for all families. "Two-years-and-work" may appeal to popular stereotypes, but does not address the real circumstances and needs of many of the families who rely on AFDC.

It is unwise to attempt national implementation of a model that has never been tested.

Because there has been so much discussion about two-year-limits in the last several years, it is sometimes not appreciated that the basic "two-years-and-work" model has never been tested anywhere. There is literally no experience from which one can make assertions about its feasibility or likely impact.

Since the beginning of 1993, several states have received waivers to test various two-year-limit models. However, these demonstrations are generally just beginning, and no person has yet approached the two-year-limit. For example:

Vermont received a waiver to test an approach in which individuals will be required to accept a work assignment in a supplemented job after fifteen or thirty months. The demonstration began in July 1994.

Florida received a waiver to test a time-limit followed by subsidized employment for those unable to attain unsubsidized jobs. The two-county demonstration began in February 1994.

Wisconsin received a waiver to test a two-year-limit with no subsidized job at the end of the time-limit. The two-county demonstration is scheduled to begin in

January 1995.

South Dakota received a waiver that will involve assignment to volunteer service for those who are in an employment-readiness track and not employed at least 30 hours a week after 24 months. The state began implementing the waiver on May 15, 1994.

Thus, this stage in the welfare reform discussion is quite different from the period before implementation of the Family Support Act. In 1988, the reason why so many states could assert that they were the model for the Family Support Act was because they were already operating programs quite similar to the JOBS Program. The reason why there was such broad support for the Family Support Act is that the basic approach had been both implemented and evaluated. In contrast, no state has experience with operating a program comparable to any of the principal "two-years-and-work" proposals.

The lack of experience is significant for two reasons. First, there are unanswered questions about the basic **feasibility** of the model. Second, there are unanswered questions about its likely **impact.**

The feasibility questions arise when one compares the scope of requirements in the "two-years-and-work" approaches with what states have implemented under the JOBS Program. In theory, a state could be implementing a "two-years-and-work" model under current law without a federal waiver. Under the JOBS Program, states are allowed to make use of work experience, on-the-job training, work supplementation, and other approved work programs. Any state could have opted to create work assignments for all or virtually all of those who reach the two-year point. However, in practice, no state has done so. The most recent JOBS data on component activities is for FY 92. At that time, about 0.5% of JOBS participants (approximately 2417 people) were in positions with subsidized wages (on-the-job training and work supplementation). Somewhere between 3.7% and 5.2% of JOBS participants were in unpaid work experience slots. Altogether, not more than 27,549 people were in paid or unpaid work assignments in an average month.

There are many possible explanations for why the state figures are so low. Among them: creating work slots is a costly, labor-intensive, one-at-a-time process; many states have been dubious about the impacts of unpaid work experience programs; creating work slots raises difficult issues around the displacement of other workers; in the early years of JOBS implementation, states placed a greater emphasis on education programs. While there are likely to be disagreements about which explanation is primary, the fact remains that states do not have experience with creating work slots on anything approaching the scale that is envisioned by the "two-years-and-work" model.

In contrast with current practice, the "two-years-and-work" model envisions the creation and operation of work assignments on a vastly greater scale. Under the Administration's bill, states are projected to be involving 394,000 participants in work assignments in FY 2000, far before full implementation is reached. According to the preliminary Congressional Budget Office staff estimates, participation in the work component of H.R. 3500 would escalate from 300,000 in FY 97 to 900,000 in FY 99.

If states were capable of implementing the model, what would the likely impact be? Any statements about impact are necessarily speculative, because the model has never been implemented, and thus has never been evaluated. There is limited research on the impact of unpaid work programs. In reviewing the available research from random assignment studies, the Manpower Demonstration Research Corporation concluded that "there is little evidence that unpaid work experience leads to consistent employment or earnings effects."[3] The sites evaluated by MDRC typically involved limited numbers of

---

[3] Brock, Butler, and Long, **Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research** (Manpower Demonstration Research Corporation, September, 1993).

people and did not involve an ongoing, intensive requirement. Accordingly, there are legitimate open questions about the likely impacts of a broad-based, intensive requirements. But the available research offers no evidence from which to expect large employability or earnings effects.

In determining the impacts of a "two-years-and-work" approach, one would want to look at more than just the employment and earnings impacts. One key question is whether it would be possible for government to create work slots on this scale without displacing other workers or driving down wages for other workers. A second kind of question concerns the impacts on the families who are unable to comply with requirements, and the potential effects on the well-being of children in those families.

Accordingly, any proposal for national implementation of a "two-years-and-work" model seeks to impose on states a model that has never been tested and that states could have but have not adopted during JOBS implementation. There are unanswered and currently unanswerable questions about feasibility and impact. Nationwide implementation is not a wise approach.

> **The "two-years-and-work" approach runs the risk of impairing the progress that states have made in implementing the Family Support Act.**

Given the many uncertainties about state capacity and likely impacts, what is the harm in passing legislation and requiring states to attempt to implement the "two-years-and-work" model? Why not try it and see what happens?

One reason is that implementation of the "two-years-and-work" model may unravel the progress that states have made in their JOBS Programs under the Family Support Act. The available evidence consistently shows that JOBS-type programs raise employment and earnings for AFDC families. The effects are often not dramatic, but they are consistent and positive. The recent evaluation of California's GAIN Program underscores that there are significant choices in implementation strategies and much to learn about how to improve the quality of programs. At the same time, it seems clear that states have made notable progress in JOBS implementation since 1989, and that with additional resources, flexibility, and technical assistance, they could make more progress.

If a "two-years-and-work" model is enacted, the central goals of the welfare system will become the counting of months of AFDC receipt and the creation of work slots. It is sometimes hoped that only a small group will reach the two-year-point, but there is no reason to believe that will be the case. In the recent GAIN evaluation, Riverside County demonstrated the highest impacts ever measured in a random assignment evaluation. Two-thirds of experimentals entered employment over the three-year period; nevertheless, 41% of experimentals were receiving AFDC in the last quarter of Year 3. Accordingly, in the "two-years-and-work" system, it seems inevitable that the central focus will shift from improving JOBS administration to administering the work program.

It also seems inevitable that the "two-years-and-work" model will have the effect of curtailing access to education and training assistance for AFDC families. In part, this will be because parents will be unable to participate in longer-term programs which cannot be completed within 24 months. In part, it will be because many families will accumulate their 24 months over two or more spells, and will reach the 24 month point without ever having an opportunity to participate in a longer-term program.

The other kind of concern raised by the "two-years-and-work" model is that it will force states to misspend scarce resources. Members of the public often assume that a welfare work requirement will reduce AFDC costs, but the best available evidence suggests that implementing a program of work assignments will be costly. When the Congressional Budget Office staff made its preliminary estimates of the cost of H.R. 3500, they estimated that the combined cost of child care and other costs for a 35-hour-a-week work experience program would exceed $6000 a slot. When costs of this magnitude are

projected, it is essential to ask whether the proposed spending is the best use of limited funds. In some cases, a state might well conclude that generating a work slot for an individual is the best next course of action. But in other cases, continued access to education or other forms of work support may be more sensible.

The strength of the JOBS Program has been its flexibility, and the ability of states to adopt alternative strategies within an overall framework directed toward helping families succeed in employment. In the "two-years-and-work" model, that flexibility would be lost.

The final concern about the "try-it-and-see" strategy is the possible impact if states are incapable of implementing the proposed model. Some of the public frustration with the welfare system is directly attributable to repeated instances of over-promising and rhetoric that has outstripped the ability of states to meet the promises. Suppose Congress enacts a bill like the Administration's proposal, and states are incapable of implementing it or its impacts are minimal. At that point, the system's costs will have dramatically escalated, the bureaucracy will be larger and more unwieldy, and public frustration will be greater. It establishes the preconditions for an even greater crisis of public support four or five years from now.

In Favor of Work, Against Two-Year Limits

As Congress explores alternative welfare reform approaches, it is crucial to appreciate that one can be in favor of welfare reform and work, and against the concept of the two-year-limit.

For example, Representative Matsui's bill, H.R. 4767, seeks to dramatically expand the JOBS Program, and bring a stronger work focus to the program. Beside expanding JOBS funding and participation rates, the bill relies on the concept of a work participation rate that would steadily escalate over time. States would be permitted - but not required - to use JOBS funding to create publicly-funded jobs. States would be required to expand their efforts in job placement, job development, and retention. States could determine when it was most appropriate to rely on education first, and when it was most appropriate to rely on work first. Ultimately, states would be responsible for increasing the number of working parents, but would be given great flexibility to determine the best way to reach that goal.

Representative Matsui's bill also recognizes the crucial importance of providing more support to working poor families. The bill would mandate improvements in the AFDC earned income disregards and in the availability of child care for working AFDC families. States would be permitted to expand the availability of transitional child care and Medicaid, and there would be a larger expansion in working-poor child care outside of the welfare system.

A number of other bills also contain constructive provisions that ought to be considered in exploring welfare reform alternatives. As the debate goes forward, Congress must ultimately decide whether the principal goal of welfare reform is to count months and create work slots, or to help parents succeed in the workforce. The two approaches imply very different choices about how to spend scarce resources that may be available for the welfare reform effort.

II. Key Choices Among the Two-Years-and-Work Models

I appreciate that this subcommittee may - on a demonstration or broader basis - wish to enact legislation to implement a "two-years-and-work" proposal. There are major differences among the principal proposals; in some instances, one approach is preferable, and in others, none of the approaches seem adequate. Here is a brief discussion of some key questions:

1. **When someone works, how much should she be paid?** It seems essential that a person who is working be paid not less than the minimum wage, and that she be paid not

less than the amount paid to someone who is performing the same type of work and has the same tenure with an employer. The Administration's bill, H.R. 4605, has such a provision. In contrast, under H.R. 3500, an individual would simply be required to work 35 hours a week as a condition of continuing to receive the AFDC grant. Thus, if Ms. Smith were receiving an AFDC grant of $50, she would be required to work 35 hours a week for no further compensation in order to receive the grant.

2. **Should a poor working parent qualify for the Earned Income Tax Credit?** Many people now view the Earned Income Tax Credit as the centerpiece of the federal effort to reduce the poverty of the working poor. However, the Administration's bill would deny participants in the WORK Program eligibility for the EITC. The result will be that parents meeting all requirements and working every available hour will still be left deep in poverty. The expressed purpose for denial of the EITC is to maximize the incentive to look for an unsubsidized job. However, there are other ways to create adequate incentives which do not depend on leaving a working family deep in poverty. For example, the usage of job search periods during and between work slots, and procedures for referring WORK participants to identified jobs could ensure that individuals followed up on available jobs.

3. **Should AFDC be available to reduce the poverty of a poor working parent?** While the EITC plays an important role in reducing the poverty of working families, the EITC also has a key limitation: for over 99% of those who receive it, the EITC is a once-a-year lump sum payment. Accordingly, it does not help a working poor family meet its expenses on a monthly basis. At this point, the only mechanism available to government to provide monthly income support to poor working families is the AFDC system.

Under current law, a working AFDC family receives an earnings disregard of $120 and 1/3 of gross earnings for the first four months of employment, and $120 a month thereafter. The effect of these rules is to impose close to a dollar-for-dollar loss in income for a family that enters employment, and to ensure that families entering into low-wage jobs remain deep in poverty. A number of states have sought federal waivers to improve the role of AFDC as a source of income support for working poor families.

The Administration's bill makes two disturbing changes in AFDC earnings rules. First, the bill provides that all states must disregard the first $120 in earnings, and may disregard other amounts. Under this provision, a state could choose to do more than current law, but also could choose to do less. Second, the bill provides that if a state applies more generous earnings rules generally, the state may still limit those in the WORK Program to a $120 earnings disregard. If a state elected this option, then participants in the WORK Program with higher work expenses would actually become **poorer** as a result of WORK participation.

I appreciate that many people would like to create a world in which a working parent would not need AFDC. We are not at that point. So long as parents enter into jobs which cannot support a family, and there is no alternative source of monthly income supplementation, it is crucial to recognize and preserve the role of AFDC in helping working poor families.

Welfare reform legislation should both improve the AFDC earnings disregards, and ensure that the improved disregards apply equally to those in unsubsidized employment and those in the WORK Program.

4. **Should a work slot be available so long as a parent is unemployed and willing to work?** Under some bills pending before Congress, the work slots themselves may be time-limited. For example, under H.R. 3500, states would be permitted to end work slots and cash aid to a family that had been subject to work requirements for three years, even if the family had met all requirements. Similarly, under H.R. 4414, a family would - with limited exceptions - be eligible to participate in the community service program for no more than three years. In contrast, under the Administration's bill, there would be time limits on individual slots, but not on overall eligibility for the WORK Program.

if Congress adopts a "two-years-and-work" model, it seems essential to build in a provision ensuring that a work slot will continue to be available to a parent so long as she meets program requirements. If subsidized work is to be an alternative to AFDC or a condition of AFDC, then government should be prepared to make work opportunities available so long as a parent is unable to find unsubsidized employment. There may be legitimate differences of opinion regarding the availability or lack of availability of jobs in the private sector, and states should have the ability to ensure that an individual is looking for unsubsidized work. However, government should not refuse to help a family where a parent is willing to work and unable to find a job.

5. **How severe should penalties be in a system whose goal is to help poor families with children?** Both the Administration's bill and H.R. 3500 envision the usage of penalties far more severe than current law. Under current law, when a parent violates JOBS requirements, the parent's share of the family's AFDC grant is removed for a period of time. Under the Administration's bill, under some circumstances, the entire family's AFDC grant will be terminated for a six-month period. Under H.R. 3500, the penalty for a third violation of rules is complete ineligibility for AFDC for life.

These extreme penalties are deeply troubling for two reasons. First, there is no research basis for concluding that penalties of this magnitude are needed or will be constructive. No system will ever attain 100% compliance, but there is no evidence that current law penalties have not been sufficient to generate high levels of compliance in the JOBS Program. Second, any penalty structure must seek to strike a balance between the goal of promoting participation and the goal of protecting the well-being of children. These bills seem to lose sight of that balance. If poor families are left with no income to meet basic needs for six months or more, it is difficult to see how such a penalty structure would not increase evictions, homelessness, and family break-up.

The decision to implement a "two-years-and-work" model is analytically distinct from the question of what penalties should be applied when a parent fails to meet program requirements. Current law reflects a reasonable balance between the interest in having penalties and the need to protect the well-being of children. There is no need to make penalties more severe.

6. **Should the system create incentives for states to impose sanctions on families?** The Administration's bill seeks to measure a state's compliance with JOBS and WORK participation requirements through use of participation rates, and fiscal penalties against states that do not meet the rates. Unfortunately, however, in calculating whether a state meets its participation rate, the bill counts those who participate and those who are under sanction equally. As a result, imposing a sanction will always help a state meet its participation rate just as much as creating a work slot. Since imposing sanctions is cheaper and easier, and since there are serious questions about the ability of states to create needed work slots, the incentive to sanction may be quite strong.

Any bill that measures participation ought to be based on real participation, not the state's sanction rate. There should be an incentive to generate participation, but not for maximizing sanctions. There is a major difference between a design which provides for sanctions in appropriate cases, and a bill that offers states incentives to sanction.

7. **Should all states be required to follow a single phase-in model?** Under the Administration's bill, all states must begin to phase in parents born after 1971. States may opt to phase in additional categories, but there is no discretion as to whether to phase in the youngest custodial parents.

The youth phase-in approach has been controversial because recent research raises serious questions about the ability of programs to significantly raise the employment rates or earnings of the youngest parents. The evaluations of New Chance, JOBSTART, and JTPA all suggest little or no employment impacts; while the Teen Parent Demonstration Project evaluation did result in increased employment, the magnitude was modest. While a state might wish to implement a youth phase-in, there are many

legitimate reasons why a state might prefer another phase-in approach, e.g., parents with older children, two-parent families, a geographical phase-in. Federal law should not mandate one single phase-in strategy.

8. **Should the system allow for exceptions in appropriate cases?** Under any "two-years-and-work" model, a set of questions will arise about circumstances where exceptions or extensions may be appropriate. For example, if Ms. Smith reaches the 24-month-point, but has only a few months remaining in an education program, should Ms. Smith be forced to terminate the program? If due to illness or other good cause, she was unable to complete a program during the 24-month period, should an extension be allowed? If the state failed to provide promised services, should additional time be allowed?

The Administration's bill contains a set of provisions for extensions, but the design is troubling and may be unadministrable. The bill establishes certain circumstances under which states must grant extensions, and other circumstances in which states may do so. However, the bill then provides that states will face a fiscal penalty if the number of extensions (with limited exceptions) exceeds 10% of those to whom a time limit applies and who are required to participate. Thus, the effect is to say that a state may grant an extension for good cause but will risk being penalized if the state determines good cause to be present too frequently. Accordingly, whether an extension is granted may turn on how close the state is to its cap, or how many other parents also are in need of an extension.

The decision about whether to grant Ms. Smith an extension should not turn on whether she seeks an extension early or late in the fiscal year, or whether other parents do or do not have good cause. There should be clear criteria for extensions, and those who meet the criteria ought to be entitled to receive one.

Conclusion

As this subcommittee considers welfare reform alternatives, there are two distinct discussions that need to occur. First, there needs to be serious consideration of whether national implementation of any "two-years-and-work" model is desirable. As suggested here, there are strong reasons why a better approach would be one that builds on the JOBS Program, increases the work focus of the welfare system, but does not mandate national implementation of the "two-years-and-work" model.

If, however, this subcommittee decides to move forward with a "two-years-and-work" approach, it is crucial to consider the choices within the model, and alternative ways of implementing it. It is possible to develop an approach which reduces the poverty of working families, or which makes them poorer. It is possible to develop an approach which encourages states to create jobs, or which encourages states to impose sanctions. It is possible to develop an approach which does not dramatically increase the risk of homelessness and family break-up.

I hope these comments are helpful in the subcommittee's consideration of these issues.

Chairman FORD. Thank you very much.
Mr. Horowitz.

STATEMENT OF MICHAEL J. HOROWITZ, SENIOR FELLOW, THE MANHATTAN INSTITUTE

Mr. HOROWITZ. Thank you, Mr. Chairman. I want, if I may, to begin my comments with a point I tried to set out in my prepared statement. There is a personal note in it. I come to this committee as a Conservative who served as general counsel to the Office of Management and Budget during the Reagan years.

I am the same person, Mr. Chairman, who also got to know and to appreciate your hometown, Memphis, during the years I served as a professor of civil rights law at the University of Mississippi teaching the first integrated classes at that law school. The moral passion which I brought to fighting the scourge of racism and segregation in Mississippi in the late sixties, in fact, Mr. Chairman, no different than the moral commitment I tried to bring to bear as a Conservative member of the Reagan administration, confronted with what I regarded as the failure, the literal bankruptcy, the counterproductive effects on unintended beneficiaries of our social welfare programs of the last 20 and 30 years. I am the same man who now comes before this committee.

I disagree with Mr. Greenberg when he says limited resources are available to solve the welfare problem. I tell you, as a Conservative and as someone who was at the Office of Management and Budget, that I would support and there would be support for a doubling or tripling or quadrupling of the spending in the conventional wisdom bills now before the Congress if there was some sense that they would work, if there was not the sense that they would be counterproductive.

We've spent over $5 trillion on welfare. We spend $25 billion a year on job training programs now and I would spend twice and three times the amount, and I can tell you, we can afford it, if only they worked. We could not afford not to do so if those programs worked. The problem is that they don't.

And what I ask the committee, therefore, is what I think is the most difficult job this committee confronts, and that is, before we get to the details of policy, that we change the conventions, that we change the processes by which welfare reform is debated. I want my fellow Conservatives to stop talking about people on the other side as if they were indifferent to values and budgets and the middle class.

But equally, and I think this will be harder for the majority, I think we need an end, for the sake of poor people, for the sake of people caught up in the toils of the welfare system, we need an absolute end to the notion that there is a moral superiority associated with programs and policies, and political officials who seek to expand the size of government.

I call for a dramatic shrinking of many of the programs we confront, and I do so because I think that doing so will make life better for America's poor people. I may be right, I may be wrong. That is the debate we ought to have, but let's have an end to this notion that meanness is the hallmark of Conservative approaches to welfare reform.

We are well past the point where American conservatism can be said to have been rooted in anti-intellectualism, in racism, which is an unhappy element of American conservatism's past. We all share the need to work for real solutions, and I think if there is no moral monopoly asserted by one side or another, it may just be that we can come up with real solutions that work.

Now, having said that, Mr. Chairman, I am not naive. I think that there are passions involved here, but I think it is a goal to which everybody ought to aspire for the sake of people who are caught up in the toils of our bankrupt welfare system.

Harris said that the simplest way I would put my views on welfare reform is that I associate fully, although I'm probably not as conservative or tough as she was with the views of Frances Perkins, the first administrator of AFDC, and probably the most liberal and knowledgeable member of the Roosevelt administration.

We confront the problems of AFDC today, the problems of unwed mothers, teenage mothers bearing children, largely because an obscure bureaucrat slipped a Mickey in the AFDC bill when it was first before Congress as it was passing the Social Security Act in the early thirties.

Frances Perkins was appalled to discover that the director of the Children's Bureau at the Labor Department had expanded eligibility for AFDC to include unwed mothers. She thought that it would have the very destructive effects that I think it has had over the course of time.

What now then to do? Your focus, Mr. Chairman, is absolutely correct in placing it on children. What do we do for innocent kids born into a world with such limited and bleak prospects? The first thing I ask the committee to consider is what my friend, Mickey Kaus has said as point three of his prepared statement: "We can't just think of the children now on welfare. We have to think of future generations."

Every index tells us the children born of 16-year-old mothers aren't going to make it. Some of them try. There are anecdotal stories of success, but it is rare. We have got to stop the phenomenon of kids having kids outside of fatherly commitments to the latter and if we don't stop that phenomenon, we can spend trillions more and it won't make a difference, not in the slightest. Thus, we ought to adopt policies which help guarantee that kids are born into families capable of taking care of them. And I think that is what motivated Frances Perkins in that regard.

Take a look at the 1988 welfare bill. It was ballyhooed as something that was going to work, that was going to be a great success. I had a little bit to do with that. I had a real hand in persuading the Reagan administration to set in the State of the Union speech of President Reagan a commitment to study welfare, because I thought we had really reached a national consensus to move away from the old policies.

Under cover of rhetoric, Mr. Chairman, we just got more of the same in 1988, and the consequences were, to us, predictable and they are clear now. We got more than a 30-percent increase in AFDC rolls since 1988, an increase which as CBO and CRS have found to be the function of children born to unmarried mothers.

It is that scourge, it is that blight, it is that hopelessness to children born into that setting that I think we have got to focus on.

My time is short, and I will list very quickly some of the things which seem to me to be appropriate to do. The first is to be skeptical of the "muscular" work programs, almost as skeptical as Mr. Greenberg, in some respects maybe more so, because I think that it is an illusion to think that you are going to get 16-year-old mothers to participate in an effective work program. It ain't going to happen, and what is going to happen instead, and what I see coming in the debate, is that under cover of 2 years and out, we run the substantial risk of opening the door to massive, counterproductive, failed spending programs.

You have heard Mr. Greenberg's testimony, and that is the direction which, in my judgment, a 2 year and out workfare program will head: The creation of three new entitlement programs.

First, we will get a broad day care entitlement. There is not a chance in the world, Mr. Chairman, that if day care starts being authorized for welfare mothers, that it will be cabined to them.

At OMB, I saw how eligibility for programs of that sort went up and up and up the income scale. We start on this road, then we will be getting a middle-class day care entitlement that will dwarf in resources, I predict, anything that we hope to spend on the poor people who need the help most of all.

The second entitlement we risk creating is a JOBS program. I don't believe for 1 second that government JOBS programs—and here I disagree with my friend Mickey Kaus—will work. I think they will have perverse effects. Look at the summer youth employment programs. They teach all the wrong lessons. We spend over $1.2 billion a year now on summer youth employment programs. The notion that the Federal Government can administer some sort of tough love regime with a real work component is chimerical.

The Federal Government in 1990, as Mickey Kaus pointed out in his book, had 2.2 million civilian employees; 430 were fired for incompetency. How much better do you think we are going to do with women who will be thrown out into a welfareless world if they lose their jobs?

The Federal Government cannot administer a work program. We are going to wind up with unionized employees doing "make work" on a tenured civil service basis. That is not going to be popular with the American people. That is going to be costly, but I don't care about that. Most of all, it is going to be a cruel hoax on people who really need not to be patronized, not to be wards of the State, but who need to have the kinds of work settings that will teach them to live with the consequences of what they do.

Finally, I think the notion of expanding job training programs when we spend $25 billion a year right now, I think that that makes no sense. I have said in my statement that I think we should reduce government programs if we want to create jobs.

My first candidate here, Mr. Chairman, is repeal of Davis-Bacon. This issue never comes into welfare reform debates, but if you look at the Congressional Record, Davis-Bacon was explicitly passed with the support of then-southern racist Congressmen who didn't want blacks competing for jobs in the construction field and that is how we got Davis-Bacon.

Let's repeal it. Let's do lots of things which take government away. Let's take a look at some of the requirements that make day care impossible from within the ghetto community.

And, finally, I would say, let's take a hard look at Kassebaum kind of answers which really delegate to the States the capacity on a broad federalism basis to make decisions, out of the sense that no answers that come out of Washington on a one-size-fits-all basis are likely to be helpful. I think we ought to give a shot at real Brandeisian experiments, at letting States be laboratories of democracy. That, it seems to me, may in the end be the most useful course we can follow.

Thank you very much for your indulgence, Mr. Chairman.

[The prepared statement follows:]

STATEMENT OF MICHAEL HOROWITZ
AT THE HEARINGS OF THE SUBCOMMITTEE ON HUMAN RESOURCES
HOUSE WAYS AND MEANS COMMITTEE
AUGUST 16, 1994

Mr. Chairman and Members of the Committee:

I am grateful for the opportunity to appear before the Committee dealing with the issue which, more than any other public policy matter, will define our moral self-worth as a Nation. How this Committee and the Congress addresses issues of welfare, dependency, illegitimacy, declines in the work ethic and underclass life and its mounting toll of hopelessness and dysfunction will powerfully determine whether America continues to be what it must be -- in Lincoln's terms, the last best hope of mankind. The issue before this Subcommittee will, if not resolved, continue to savage our cities, polarize our racial relations and make impossible for America's urban poor the any hope of escaping the fate and class of their birth.

In short, this Subcommittee, more than any other body of Congress, will determine the continued strength of the American dream for those to whom America's obligation is greatest.

Before setting forth my views on the questions posed by the Chairman, I ask the Committee's indulgence to discuss what I believe to be the single greatest issue it faces: the need to alter the ground rules under which welfare reform is to be debated.

In short, I plead with the Committee's majority in particular to forego the political and moral and rhetorical advantages which flow from seeking to define itself as the more caring, more compassionate participants in this debate. Whatever the anti-intellectual and at times even nakedly racist aspects of American conservatism's past, those days are now long gone. I served as a conservative in the Reagan Administration, Mr. Chairman, out of the same measure of moral commitment that led me to fight the scourge of racism and segregation while teaching civil rights law in the late 60's at the first integrated classes of the University of Mississippi Law School. As a child, I was constantly admonished by my immigrant grandfather to think of America as the blessed land. It is that perspective, together with my commitment that others should enjoy the American dream as fully as my family has done, which informs my testimony today -- and which informed my years in Mississippi <u>and</u> in Ronald Reagan's Washington. As a conservative, I am not alone in those passions and feelings -- and whatever the shortcomings of the approaches taken by today's conservatives, we rob today's welfare recipients of the value of real debate over their plight if we bog down in name calling, if policies calling for lesser government roles are not carefully listened to but are instead put down as mean or uncaring.

It is to America's credit that it gives great advantage to persons seen as being on the more compassionate side of our policy debates. For that reason, it will not be easy to abandon conventions of political discourse which lead proponents of larger government programs to often claim that they alone occupy the high moral ground in debates over welfare policy. They don't -- any more than conservatives are the only people who care about values or taxpayers.

The current system is bad enough and destructive enough for those caught in its toils to cause all of us to abandon name-calling, for all of us to be

open to new approaches to welfare reform, for all of us to be far less certain of our wisdom and moral standing in the debate.

The above having been said, here is my best effort to deal with the question posed by the Chairman for today's hearing: The effect of cash assistance cutoffs on the needy and innocent children of welfare parents. In fact, the Chairman's question is the central question of the entire welfare reform debate.

My view of the issue leads me to the following views:

- Caring about children means, above all else, ensuring that they are not born to unmarried teen age girls. Anecdotal evidence aside, such mothers generally lack the maturity, education or skills to be adequate parents to their children no matter how much welfare money is spent on their behalves.

- For such children already in the welfare system, or those born into it after reforms occur, we need to start spending our welfare monies on them; they are the proper focus of the Chairman's concerns and should terminate, in even less than two years from today, monies now spent on AFDC mothers.

- Doing so would restore public policy to the New Deal vision of FDR's Administration, and would correct the historical accident which caused the unauthorized extension of AFDC benefits to unmarried mothers. Frances Perkins, the most liberal member of the Roosevelt Administration and its most experienced member on issues of social welfare policy, would have made, by far, the most "conservative" witness before this Committee. Caring deeply about the fate of impoverished children, she opposed any AFDC eligibility for unwed mothers. She believed that AFDC support for unwed mothers would cause family breakdown, and consequent hopelessness for children.

- We should recognize that "tough," "muscular" workfare programs such as those my friend Mickey Kaus genuinely advocates (and such as those the Administration bill provides the illusion of supporting) will never occur. Instead, "two year and out" programs inevitably riddled with exceptions and delayed implementation dates are at risk of serving as cynical "boob bait" programs which not only maintain the policy status quo but which also serve as covers for massive expansions of existing, demonstrably failed current welfare programs.

- We need to recognize that pursuit of the illusion of putting 16 year old mothers to work will likely lead to no less than three new entitlement programs certain not only to take money away from worthier programs but, more importantly and tragically, to offer perverse and self-defeating work incentives to their participants. The three programs are:

* A Day Care entitlement certain to expand into a middle class subsidy that will utterly overwhelm all welfare spending. (There is no way that a day care entitlement will can or will be restricted to welfare mothers, and the rapid climb of this entitlement up the income scale is a predictable certainty.)

* A Jobs entitlement certain to offer all of the "value" to unwed mothers that today's Summer Youth Employment programs offer to its "beneficiaries." Such programs are largely devoid of work content, are often politically driven in their eligibility standards, and "teach" many of teenagers what is ultimately untrue: that pay without work is a plausible prospect. A Federal Government which in 1990 fired 403 of 2.2 million employees for incompetence is hardly capable of administering the "tough love" regime that advocates of guaranteed government jobs call for. Labor union opposition to meaningful work assignments, legalistic standards governing dismissals of even the most nonperforming employees and the sheer force of politics will ensure that this entitlement will largely create newer layers of subsidy and limited progress to an independent mainstream life for today's urban underclass.

* A Job Training entitlement will replicate the failures of CETA and the massive number of job training programs which have spent tens of billions of dollars without result. Worse, such job training programs will again replicate what Shirley Chisholm once described as the tragedy of CETA: Large numbers of cynical and defeated ghetto young people following the failure of hope-raising government job training programs to make a difference in their lives.

• Real progress can be made, at no fiscal cost, by eliminating government policies and programs which make work impossible for low-skilled young people. Examples here include:

* Repeal of Davis-Bacon, a statute explicitly enacted to make it impossible for urban blacks to compete for construction work.

* Modification of minimum wage laws to allow lesser skilled youths to be worth the wage permitted by law.

* Override of state and local licensing and other mandatory "standards" for Day Care which have the effect – in the service of commercial day care and social worker lobbies – of making it impossible for communities to provide affordable day care from within themselves.

* Facilitation of greater discretion on the part of public school principals and public housing managers, and on the part of parent and tenant councils, to discipline and evict the unruly few who make learning and living impossible at urban schools and housing projects. Such policies would allow principals and housing managers to be properly accountable for the failures of their institutions.

I conclude this statement by returning to the Chairman's critical questions and his proper focus on the interests of children.

The reform course I believe sound would first eliminate present incentives to increase the incidence of children born to parents incapable of parenting them. What is "illegitimate" about today's world, Mr. Chairman, are not any children now born into it; rather, what is illegitimate are the policies which ensure a bleak underclass life for increasing numbers of those children.

Next, the reforms in which I believe would transfer AFDC and other welfare monies from single parents to their children. Such transfers would take such form as subsidized group homes, orphanages, improved funding for foster care and adoption programs and support of other programs which make marriage a more attractive alternative. Such a shift in policy priorities would end the system in which a bureaucratic state serves as a substitute for male figures and fathers; such a shift would begin to eliminate policy incentives which have brought about today's feminization of poverty and masculinization of irresponsibility.

I thank the Committee for its indulgence.

Chairman FORD. Thank you very much.
Mr. Kaus.

STATEMENT OF MICKEY KAUS, SENIOR EDITOR, THE NEW REPUBLIC

Mr. KAUS. Thank you, Mr. Chairman. I have basically four points to make. I will try to make them very quickly. The first point is that the welfare problem must be seen as the problem of "ghetto poverty" or the formation of an underclass. You can use either term. Professor Wilson prefers "ghetto poverty." That is probably a much better term.

On May 5, 1992, President Clinton, who was then a candidate for President, gave a speech in New York. It was, I think, a very good speech. He argued that "We all pay when we accept a permanent underclass caught in a culture where children cannot imagine, even imagine, the future we want them to live, where most of the income comes from government checks and drug deals." And then-Governor Clinton said, "We must break the permanent culture of dependence which embraces 20 to 25 percent of those on public assistance."

And that is the point. There wouldn't be a welfare crisis—we wouldn't be here today—if the 5 million families who are on welfare all used it as a temporary crutch to get themselves together before reentering the job market, and we wouldn't be here today if they weren't concentrated in neighborhoods where large proportions of the families were likewise on welfare. But that is not the case.

In fact, there are communities around the country where 90 percent of the children are born into fatherless families, where over 60 percent of the population is on welfare, where young teenage girls simply expect to become pregnant before they turn 20 and often before they leave high school, and where the entrepreneurial drive is channeled into gangs and crime.

We can argue about whether welfare is a sufficient cause of that culture—and I doubt it is—but it is clearly a necessary cause. It is what enables the survival of the culture in which families are never formed, in which no family member goes out into the labor force to earn a living. If you change welfare, you will change that culture.

For example, take the problem of single motherhood. I am not one of those who thinks young women have a child out of wedlock in order to go on welfare. That seems wildly implausible to me. I have seen no evidence for it. But clearly, once AFDC benefits reach a certain level, young women look around them and recognize, maybe unconsciously, that other women who have had babies out of wedlock have survived through welfare. They know that welfare is going to be there. If welfare weren't there, they would think twice, and that is the transformative potential of time limits.

Under a time-limited welfare system, young women would know that if they had a child out of wedlock—or within marriage for that matter—welfare wasn't going to be there to support them indefinitely. They would at some point have to juggle parenting with work. And they would begin to make better choices, such as forming a working family before having children. They would look

around them and see perhaps their older sisters or other people who have to juggle parenting with work and know that that is very difficult to do. So they would make other choices.

I don't think you can talk about the impact of time limits unless you talk about this potential effect of discouraging people who are not on welfare from going on welfare.

We all talk about the MDRC studies. The problem is, MDRC looks at people who are on welfare and sees how many get off. They have never studied how many people who are not on welfare are discouraged from going on welfare in the first place because there is a work requirement. I think that is the most important part of the equation, and that is what MDRC never studies.

The second point is that the Clinton time limit and the idea of work for wages had important advantages over traditional workfare. In workfare, you keep sending the welfare check to the recipient and then you require him or her to work, and if she doesn't work, then her caseworker tries to take her check away, to sanction her. It has turned out that that is a very time-consuming process.

In Milwaukee, I am told there are as many people in the sanctioning process as there are participating in the JOBS program. The advantage of the Clinton time limit was it stopped the check. The check ended, you were offered a work slot; if you didn't go to work, that was the end of it. You weren't getting any more money. There was no need to sanction. Unfortunately, that principle has been compromised in the actual drafting of the bill.

As I understand it, what will actually happen when the 2-year time limit is reached is very convoluted. The recipient's check will be recalculated. She will be assigned to a work slot. If she doesn't show up at work, her supervisor will call the Welfare Department, which will then try to sanction her. The sanction may even benefit her because it is initially a loss of 50 percent of her check, and she may already have had her check recalculated to below that amount.

I want to add quickly another virtue of the Clinton plan is precisely that it is a one-size-fits-all scheme. We hear a lot of complaints that this is inflexible, but a lot of our programs are one-size-fits-all. Our tax scheme is one-size-fits-all. Our unemployment compensation system is one-size-fits-all. There is a reason for that. It is fair. You don't depend on the whim of a caseworker. It is not paternalistic, and above all, it sends a clear message: "2 years and you have to go to work" is a clear message to send to the ghetto. "You will have to go to work when the bureaucracy decides you are ready to go to work" is not a clear message.

My third point is, what about the children? And my key point here is there is no magic Archimedean point where the penalty is big enough to penalize the mother but not big enough to hurt the child. Any penalty might hurt the child. The existing job sanction probably hurts the child, and when we try to find the balance, you have to consider the future generations that might not have to grow up in a culture of poverty if we change the welfare system now.

My fourth point is, as I have argued in my book, a full-fledged WPA plan would be preferable to the Clinton plan. The Clinton

plan just gives jobs to people who reach the end of the time limit. If the jobs are good enough, that creates a perverse incentive to go on welfare to get the job. If we offered the jobs to everybody, that perverse incentive would be eliminated. The problem is, that scheme is very expensive.

In my book—the figures are now obsolete, but I calculate $50 billion more than we are spending now. We don't have that kind of money. That proposal is not before you. But there is still a danger of perverse incentives.

When Roosevelt started the WPA, he said the wage should be "larger than the amount now received as a relief dole but at the same time not so large to encourage the rejection of opportunities for private employment." I think that is an important principle. I think that is why the Clinton people were right to restrict the jobs to slightly below the minimum wage, because if you have a job paying $9 an hour that you offer to people at the end of the time limit, or $15 an hour, you can imagine there will be some point at which the wage will just be so high that it will create a perverse incentive to go onto welfare to get that job.

In any case, it is very unfair to the millions of Americans who are now supporting their families on $5-, $6-, $7-, $8-an-hour jobs. But unfortunately this principle too has been compromised by the clause in the bill that says you have to pay the same wage being paid for the same type of work.

In the District of Columbia, entry-level parkworkers make $7.56 an hour. Now, either the work program is going to pay $7.56 an hour and compromise the principle and encourage people to leave the private sector for the work program, or else they are not going to assign people to the useful jobs such as doing work in the public park. Any useful job is likely to be a job that some government employee and probably unionized government employee will be doing at far more than the minimum wage.

In conclusion, contrary to my somewhat cynical expectations as a journalist, the Clinton plan is not riddled with loopholes. I read it looking for loopholes. I could only find a couple of them. I have to agree with Richard Nathan's testimony before you last week, which is, if you could pass the Clinton plan without any changes right now, I would say pass it. I would even say it more enthusiastically than Professor Nathan did.

This is a serious bill. It has been portrayed in the press as sort of a modest bill that fell short of the President's promise. I don't think so. I think it is a radical bill and it is quite a tough bill, so I am happy to have this opportunity today to come and speak in support of it.

Thank you.

[The prepared statement follows:]

TESTIMONY OF MICKEY KAUS
THE NEW REPUBLIC

Thank you. My name is Mickey Kaus. I am a senior editor at The New Republic, a magazine based here in Washington, D.C.. I have been studying the welfare system since the mid 1980s, as part of an attempt to grapple with what might be called the unresolved dilemmas of traditional liberal politics. The status of welfare is one of the biggest of those dilemmas. I've tried to come up with a solution to the welfare problem that makes sense and is consistent with American values. I published my proposal, first in The New Republic in 1986, and later in a book called The End of Equality, which came out in 1992.

I should say that I approach this problem from what most people would say is the left. I've always admired Franklin Roosevelt's Works Progress Administration. Like many Americans of my generation, I grew up the beneficiary of the WPA's good works. In my case, our high school gym was built by the WPA. At the nadir of the 1992 recession, when the jobless rate reached 10 percent, I couldn't help wondering why Democrats didn't seize on the idea of reviving the WPA -- that is, the idea of government as last-resort employer. In fact, I didn't understand why Democrats had abandoned the WPA idea in the first place.

At about the same time, in the mid-80s, people began worrying about the problem of the "underclass" -- or, as Professor William Julius Wilson prefers to call it, the problem of ghetto poverty. Not that people had ever really stopped worrying about ghetto poverty -- it has been our nation's biggest social problem for at least three decades. But in the mid-80s people like Professor Wilson forced us to again talk openly about the ghetto poverty problem. How does "ghetto poverty" differ from plain old "poverty"? The point is that the problem of poverty in this country isn't simply a problem of people having too little money (though it is often just that). In its most serious form the problem is a welfare-based culture characterized by broken families, dependency, and geographic isolation.

My conclusion, and I was hardly the first to reach it, was that Roosevelt's WPA held the key to solving the problem of ghetto poverty and the welfare culture. If the government offers a minimally decent job to able-bodied Americans who can't find work, then it seems to me the government is in the moral position to stop sending welfare checks to the able-bodied. If mothers are offered day care, they too can reasonably be expected to work. Replace cash welfare with a guaranteed, minimal, last resort job, and the problem of long-term welfare dependency would of necessity end. The rough formula of my welfare solution, then, was Charles Murray plus WPA.

I'll be happy to defend this approach in more detail later. But it is not the proposal President Clinton has made. The President has proposed placing a time limit on welfare, after which recipients would have to work, in a last-resort WORK slot if necessary. This isn't the scheme I advocate in my book. (I would offer last-resort jobs to anyone who needs it, whether they were single, married, childless, on welfare or off -- and given this sweeping job guarantee I would not even send out welfare checks for two years.) But the Clinton, time-limit proposal is the one

you have before you. I appreciate the opportunity to comment on it -- with, inevitably, one or two suggested changes -- to support it. It is a serious, forceful step toward solving the problem of "ghetto poverty."

I have five points to make, and I will try to make them quickly.

1. The "welfare problem" must be seen as the problem of ghetto poverty, of the formation of an "underclass." On May 5, 1992, a few days after the Los Angeles riots, presidential candidate Bill Clinton gave a speech in New York City. He noted that "there are still profound division in this country, most deeply in our largest cities, which present a threat to our common way of life." He argued that "All Americans whether we live in cities, or suburbs, or quiet rural hamlets, are paying for the unraveling of the American community. . . . We pay when we accept a permanent underclass caught in a culture where children cannot imagine, even imagine, the future we want them to live. Where most of the income comes from government checks and drug deals and where gangs are the only place in which some of our young people feel that they are truly important to anyone else. . . . I do not believe we can build this country unless we face squarely the fact that million of our fellow Americans are divorced from the values, the interests, and the future, that all of us must share."

Then-governor Clinton explicitly placed his proposal for welfare time-limits in this context. "We must break the permanent culture of dependence which embraces 20-25 percent of those on public assistance." After "a certain length of time on welfare, if there are no private sector jobs, people should do community service work and be employees, not recipients of a check. We must break the culture of poverty and dependence." (Emphasis added.)

That is the point. There would not be a "welfare crisis" -- we would not be here today -- if the 5 million families on welfare were headed by people who used welfare as a temporary crutch while they prepared to reenter the labor force. Even if 20 percent of those on public assistance were long-term dependents, we wouldn't be here, I think, if they were spread throughout the country evenly. But they are not. The problem, as the President has said, is that they are concentrated in neighborhoods where a large percentage of the income "comes from government checks and drug deals," where children can't "imagine the future we want them to live."

When you have communities in which 90 percent of the children are born into fatherless families, where over 60 percent of the population is on welfare, where young teenage girls simply expect to become pregnant before they turn twenty and often before they leave high school, where the entrepreneurial drive is channeled into gangs and drug pushing -- when you have, in short, what exists in many of our mainly African-American inner-city neighborhoods -- you have a problem that can't be solved by the conventional means we use to solve poverty in the mainstream culture, namely jobs and transfer payments.

The test of jobs occured in Boston in the late 80s. At the time, Boston, had what was at the time probably the tightest labor

market in the nation -- an unemployment rate of 3 or 4 percent. That had an impact. The overall black poverty rate dropped by a third, from 36.8 to 22.3 percent (using a poverty line 25 percent above normal). But, as Charles Murray points out, the percentage of young black men who weren't looking for work at all--the core of the underclass--wasn't much affected by economic growth. In general, in cities with extremely hot economies (an unemployment rate of 4 percent) 21 percent of disadvantaged young black men remained out of the labor force in 1987, down from 28 percent in 1984.

When you have a poverty problem that isn't cured by the widespread availability of work, that's a good working definition of a "culture of poverty" or "underclass."

Is the underclass primarily black? By most measures, the underclass is roughly three-fifths African American, one-fifth white, one-fifth Hispanic. And race plays a crucial role in the story of how the underclass was formed. According to William Julius Wilson, the story goes something like this: When Southern blacks migrated North, they settled, thanks to segregation, in urban ghettos. Then, beginning in the 1960s, two things happened. First, well-paying, unskilled jobs started to leave the cities for the suburbs. Second, middle class blacks, aided by civil rights laws, began to leave as well. This outmigration left the poorest elements of black society behind -- now isolated and freed from the restraints the black middle class had quite self-consciously imposed.

But this story leaves a crucial question hanging -- a question asked by John Kasarda of the University of North Carolina: How were "economically displaced inner-city residents able to survive?" Kasarda's answer: "welfare programs." Kasarda notes that by 1982, in the central cities, there were more black single mothers who weren't working than who were. And 80 percent of these nonworking single mothers were getting some form of welfare, mainly Aid to Families with Dependent Children (AFDC). Welfare, in effect, provided an "economic substitute" for jobs. And it provided that substitute in a form available, by and large, only to mothers in broken homes.

Whether or not welfare is the sole or sufficient cause of ghetto poverty_and I doubt it is_ it was a necessary, enabling cause. That is the key to understanding how the underclass culture might be changed by welfare reform. Welfare is what enables the survival of a culture in which families are never formed, in which no family member goes out into the labor force to earn a living. Change welfare and you will change that culture.

Take the problem of family formation. The point isn't that unmarried young women have children <u>in order</u> to go on welfare. But once AFDC benefits reach a certain level, young women look around them and recognize, perhaps unconsciously, that other young women in their neighborhood who have had babies on their own are surviving, however uncomfortably. Welfare enables women to have babies out-of-wedlock for all the non-welfare reasons they have them. If welfare weren't there, they'd think twice.

There lies the potential transformative effect of time-limits. Under a time-limited welfare system, young women would

know that if they had a child out-of-wedlock (or within marriage, for that matter) welfare wasn't going to be there to support them indefinitely. They would at some point have to juggle parenting with work. They would look around them, at their older sisters of other members of their community, and realize how tough that juggling act can be. And they would begin to make better choices, such as forming a working family before having children.

You can't talk about the impact of time limits unless you talk about this potential effect of discouraging people from making the bad choices that put them on welfare. The question isn't simply whether a given welfare reform will help those people who are now currently receiving welfare. If the problem is the underclass, or ghetto poverty, the question is also whether reform will discourage those who aren't now on welfare from going on welfare.

The Clinton time limit does that. We can argue about whether it's tough enough, whether it's really a two-year limit. But, at least on my reading of the bill, it's a time limit that within two, three, or four years, will require that the vast majority of recipients born after 1971 go to work. That has to have a significant "discouraging" effect on those who haven't yet had the child that puts them onto welfare in the first place.

The proposed Clinton phase-in also makes a lot of sense. The purpose of welfare reform isn't to get a few more recipients into the work force. It is, as the president said, to "break the culture of poverty." Numerous studies show that young women who become single mothers at a young age are the core of that problem. More important, if you're going to break a culture the most important thing you can do is prevent a new generation from growing up in that culture. Change the rules of the game for everyone in the future. That is what the Clinton plan would do.

2. The Clinton time limit, and the idea of "work for wages," have important advantages over traditional "workfare." What actually happens at the end of two years? In traditional workfare schemes, what happens is that the recipient keeps getting a welfare check. Then, if she doesn't do what she is required to do -- work -- the government tries to "sanction" her, to take her check, or part of her check, away. As Secretary Shalala has noted, it's "time-consuming, difficult, and bureaucratic to sanction someone." That is in part because it's always harder to take something away from someone than it is to not give it to them in the first place. In part the difficulty is peculiar to our legal system: the Supreme Court requires fairly elaborate procedures, including a hearing with lawyers, before any sanction can be carried out.

One of the significant advantages of the Clinton time limit followed by a "work for wages" scheme is that it holds out the potential for avoiding these bureaucratic and legal difficulties. After the time limit is reached, the welfare check ends. Then the former recipient is offered day care and a job. If he or she doesn't work, he or she doesn't get paid. Simple. There is no need to sanction anyone.

This automatic, non-bureaucratic quality was a key virtue of the time-limit scheme as initially outlined by David Ellwood.

Unfortunately, in the bill that Professor Ellwood's task force has actually produced, this virtue has been compromised somewhat. As I understand it, in the Clinton bill as it stands, what happens once the time limit is reached is roughly this: the former recipient will get a WORK assignment, and her check will be reduced -- but not necessarily eliminated -- in anticipation of the wages she will earn. If she doesn't show up for her WORK job, her supervisor will notify the welfare department, which will call her in for old-fashioned "sanctioning." Perversely, depending on how much her check has been reduced, she may actually benefit from the "sanction," which initially is only a loss of 50 percent of her former full AFDC grant. Not until her third refusal to work does she face the loss of her entire AFDC check.

Doesn't that sound a bit "time-consuming, difficult and bureaucratic" to you? With each stage of sanctioning, remember, comes a new quasi-judicial hearing and a new opportunity to appeal any penalty to the courts. The experience of Milwaukee is instructive here. Milwaukee is trying to implement the 1988 JOBS program, which as you know has sanctions much milder than the ones Clinton proposes. Even so, there are as many recipeints (2,500) stuck in various stages of sanctioning as there are recipients meeting their obligations. There will be an even stronger incentive for recipients to fight the stronger Clinton sanctions.

Wouldn't it be better just to return to Ellwood's simple work-for-wages scheme. After the Clinton time limit, with all of its humane extensions, is reached, the welfare check would simply end, and the recipient would be offered a WORK slot that would provide for her family. If she refuses it, it's up to her to reapply for welfare, at which point her refusal will disqualify her for three or six months. If she is really unable to work,she could be brought under one of the exemptions or deferrals. But why impose a bureaucratic sanctioning process even on those who are quite able to work but refuse?

I want to add quickly that another virtue of the Ellwood time limit is precisely that it is "one size fits all." We hear a lot of complaints that this is a terrible principle, that the caseload is diverse, etc. But one-size-fits-all is the principle we apply in most government programs. We tax all individuals according to the same, fairly rigid rules. Unemployment benefits simply end after a fixed period of time. We don't extend them for those with special problems. There are good reasons for this inflexibility. A "one size fits all" rule is fair. It eliminates the possibility of favoritism. It eliminates the possibility of different treatment by different caseworkers. It is more dignified -- two years is what you get. You don't have to go and beg some caseworker for more. Above all, a one-size time limit is clear. When it comes to "breaking the culture of poverty," clear signals are essential. "Two years and you'll have to go to work" is a clear signal. "You'll have to go to work when the bureaucracy thinks you're ready" is not, and creates a perverse incentive not to be ready.

3. We can't just think of children now on welfare. We have to think of future generations. Most people agree that there has to be some sort of sanction for those who simply refuse to work without a good reason. What about their children? The key point

is that any sanction, however small, might hurt somebody's child. There is no magic Archimedean point at which a sanction is small enough to hurt the mother but not big enough to hurt the child. This is one family unit we are talking about. Children will share the pain of their parents. Even the mild sanction in the current Family Support Act probably pushes at least some families out of their apartments, and some of those families wind up in shelters.

You can't have a meaningful sanction that isn't going to hurt some children. Saying you can reform welfare without such harm would be like Russians saying they will make the transition from communism to capitalism without throwing anyone out of work. It can't be done.

The point is to minimize the suffering -- keeping in mind the suffering of future generations as well as current generations. Imposing a tough sanction on recipients who refuse to work may well be justified, even if it means some children wind up in shelters, if it means that thousands more children won't have to grow up in a culture of poverty. But recognizing this principle also means that any welfare reform must plan on actually imposing sanctions, and must come up with alternatives better than the current foster care system for those children whose parents refuse to work and wind up without enough to live on.

4. A full-fledged WPA would still be better. The Clinton plan doesn't get around the problems inherent in the Ellwood time-limit scheme. It offers last-resort WORK jobs, but only to those who go on welfare in the first place. That might create a perverse incentive -- have a child, go on welfare, get a government job. I don't think that the WORK jobs in the Clinton bill would be so lucrative to make this a major worry. But it's a worry, and it would be eliminated in a system that offered jobs to everyone, whether they had a child, were married or unmarried. Of course, a system that offered last-resort jobs to all comers would also be very expensive. The estimate in my book, which is obsolete but probably still in the ballpark, is about $50 billion a year <u>more</u> than we're spending now.

The danger of creating a perverse incentive does argue against making last-resort jobs too generous. When FDR proposed the WPA in his 1935 State of the Union address, he said the wage of the last-resort jobs should be "larger than the amount now received as a relief dole, but at the same time not so large as to encourage the rejection of opportunities for private employment or the leaving of private employment to engage in government work." That's still a sound principle.

Imagine the perverse incentive that would be created if we said that everyone who goes on welfare gets special access to a $15/hour job. Even if WORK slots paid $9 an hour, it's hard to see why anybody would leave them to go to work in the private sector at $6 or $7 an hour. Yet million of Americans work for $6 or $7 an hour. Quite apart from the problem of perverse incentives, it would be grossly unfair to give some Americans access to better jobs just because they became single mothers and went on welfare.

So I think the Clinton people are right to insist that WORK jobs pay less than minimum wage private sector jobs, once the EITC

is taken into account. I'm troubled, though, by the provision in the Clinton bill that seems to compromise this principle, by saying that WORK jobs must pay the same wage as that paid to others doing "the same type of work." In the District of Columbia, to pick an example close to home, entry-level park workers, doing useful, visible jobs like cleaning up basketball courts, make $7.56 an hour. That's way above the minimum wage. The "same wage" clause means either the WORK program will create a perverse incentive, or else (more likely) it will not offer ex-recipients the sort of useful jobs now performed by D.C. park workers.

The most useful last-resort community service jobs are likely to be jobs that are similar to those now being done by somebody, probably somebody who belongs to a union, and probably somebody who is being paid a lot more than the minimum wage. We should protect all current government workers. But why effectively preclude using WORK workers to help them out? Of course unions don't like any erosion of the "prevailing wage." But it's more important to bring those now trapped in a culture of poverty into the mainstream world of work. In 1939, when unions struck against Roosevelt's WPA over a similar "prevailing wage" issue, FDR broke the strike.

5. Welfare reform is ultimately about guaranteeing equal dignity. The big, underlying dilemma our society faces is that the gap in incomes between the top and the bottom is growing and there doesn't seem to be any way to stop it. Eliminating poverty won't stop it -- inequality is growing among college graduates, within the middle class and even in the ranks of the rich. It is driven by global economic trends, especially the increasing value of skills and smarts. It's something we're going to have to learn to live with.

And the way to live with it, I think most Americans would agree, is to reaffirm the basic equality of each of us as citizens, no matter how much money we make. That means we must have some common sphere of life in which we are each accorded dignity. That's impossible as long as there is an underclass, a group of people living outside the mainstream, working culture.

There are three reasons for this. First, those who are in this underclas are resented and demeaned, not just because they are poor but because they are perceived, not without justification, as not pulling their weight; they cannot feel they are equal citizens.

Second, the underclass, with its preponderance of single-mother families, produces a large subculture of criminals who make much of the common public sphere unusuable by the law abiding majority, which retreats to the private sphere-- to private schools instead of public schools, to private gyms instead of public parks, to suburbs instead of urban centers.

Third, you'll never be able to get people of various income levels to live next to each other as long as the underclass is one of the classes they're being asked to live next to. Nobody wants to live next to a housing project filled with welfare families. Nobody wants their kids to go to school with kids from the welfare culture.

The first step, then, to restoring the social equality of Americans in the face of rising income inequality is to bring everyone into the same working culture. Then we can set about restoring the neglected public sphere of life without fear of middle class flight. Then we can set about integrating our neighborhoods and schools by class as well as race.

That's why ending welfare is so important. Contrary to my own somewhat cynical expectations, the Clinton plan, taken as a whole, is a solid, even radical, step in that direction. It appeals to one value that unites all Americans, whatever income level, namely the value of work. I am pleased to have the opportunity to urge you to act now to perfect and pass the President's proposal.

Thank you.

Chairman FORD. Thank you very much. Mr. Primus, and Mr. Legler, would you to come to the witness table?

I want to thank you very much, the panelists, for your testimony. Before I recognize other members, Mr. Kaus, were you suggesting in your testimony that we should not have programs for welfare recipients that train them for jobs that will pay more than minimum wage or right above the minimum wage? Are you suggesting that they should not be trained for high-skilled jobs?

Mr. KAUS. I am all for training programs. I don't think they should be restricted just to people on welfare. They should be open to all people who need the training, and of course they should be training for better jobs. But you shouldn't give people who go on welfare something that other people who slug it out in lousy jobs day after day don't get, and I think the Clinton administration has been quite sensitive to the need to not do that.

I am also not against programs that create a lot of high-paying jobs. We have tremendous infrastructure needs, there is plenty of work that needs to be done, and I am a big government Democrat. I say spend the money, do the work, provide the jobs. But if you are offering a last resort job, it can't be a job better than millions of Americans already have who are now out there in the work force. If it is a last resort, WPA type job, the wage has to be set below the lousiest private sector job or else you destroy the incentive to take that job.

A subminimum-wage job is an awful job, but it is a—with the EITC and health care, it would be a minimally decent job, and that is all you can guarantee everybody. Then you can train everybody and let them earn as much money as they can.

Chairman FORD. But not limited. You talked about the training aspect of it. I just want to make sure that I understand you. You know, it is difficult for recipients or enrollees in the welfare population to get off of welfare with a minimum-wage job. I certainly would agree with you that we ought to open it beyond the welfare population if we are going to offer skilled training and opportunity for those who are trapped into the welfare system.

We really want to try to limit this hearing directly to the areas that we are trying to focus on. I hear you and I think we should go beyond the welfare population. I don't know how we can respond to the problem that exists. A lot of people certainly would not shy away from minimum-wage and right above minimum-wage jobs.

Are you suggesting that we should not train and offer skills to match up welfare recipients in the private sector to jobs that might pay the $9 and $10 an hour?

Mr. KAUS. No, not at all. I would strongly support that and, in general, one of President Clinton's great challenges that he hasn't quite stepped up to yet is the challenge of training people for the new jobs that are available in the global economy that require a lot more skills than the old middle-class jobs. And we are going to have to spend billions and billions to help people adapt to that.

Chairman FORD. We are going to have to do that because of NAFTA. We have been talking about all of the exports that we will see with Mexico and Canada. We are going to have to offer some skill training because we are talking about decent wages; is that correct?

Mr. KAUS. Right. I agree.

Chairman FORD. The administration is only talking about 400,000 jobs into the work program. You are suggesting that in order to open that door wide open for the AFDC population and others, that we would be talking about a $50 billion JOBS program?

Mr. KAUS. That was the estimate in my book as of 1990 for a program that would replace all cash benefit programs, food stamps and AFDC, with the offer of a subminimum-wage job to all comers, not just people qualified for AFDC. Single men, single women, childless couples, anybody who wants to come out of the woodwork and work for $4—if Donald Trump wants to work for $4, he could come and take one of these jobs. So the estimate for that total package with day care and EITC was $49 to $60-some billion.

Chairman FORD. What would the subminimum wage be? What are you suggesting?

Mr. KAUS. With the wage we figured, it was $4 an hour. Big enough to take them out of poverty.

Chairman FORD. Below what the minimum wage would be, the $4?

Mr. KAUS. Below what the minimum wage is now, but I gave them the EITC. The Clinton administration gives them the minimum wage and doesn't give them the EITC, so they are pretty similar as to how much the jobs pay. But the point is, nobody has the kind of money to do that kind of full-fledged WPA program.

The Clinton administration has proposed what I think is a very reasonable first step. Some people criticize him for not having enough jobs, some people for having too many jobs. He has chosen to phase it in, I think very appropriately for the younger age group, because when you are trying to change the culture of poverty, the most important thing you can do is to get that younger generation, get the next generation and say: "From now on, the rules of the game are different. Welfare isn't going to be there to sustain you indefinitely." And for that, the important thing is to focus on the younger recipients. Getting a woman who is 40 years old who is going to get off welfare in 9 months or in 6 months is not the most important thing you can do. It is not the best way to spend the money.

Chairman FORD. Mr. Greenberg, the Republican bill you noted in your testimony would require welfare recipients to work for 35 hours per week regardless of their benefit level. Would the Republican bill require welfare recipients to work at a less than the minimum wage that we are talking about from the Federal Government?

Mr. GREENBERG. It would necessarily have the effect of doing so. The basic approach taken in H.R. 3500 is to impose a work requirement, typically, of 35 hours a week as a condition of continuing receipt of AFDC. That would occur regardless of the amount of the family's AFDC grant, and so if the family were in a State where the grant was $400, there would be a 35-hour-a-week obligation.

If the family were in a State like Mississippi where the grant is $120 a month, it would still be a 35-hour-a-week obligation. If it turned out the family was only eligible for $20 in AFDC, there would still be a 35-hour-a-week obligation. It really has the effect

of eviscerating the concept of paying people the minimum wage for their work.

Chairman FORD. Is this a violation of the Fair Labor Standards Act?

Mr. GREENBERG. It would be my expectation that if Congress passed this legislation, it would, I assume, be passed in a way that insured it was not a violation of the Fair Labor Standards Act. Congress could certainly draft legislation which provided for that. I think the real question is whether it would be good policy to have a structure which pays people far less than the minimum wage when they are working.

Chairman FORD. Plus it would fall outside of the jurisdiction of this subcommittee, I would think.

Mr. GREENBERG. I couldn't speak to that.

Chairman FORD. Can the Federal Government tell States to hire welfare recipients at less than what the Federal minimum wage could be? Could the Federal Government order the States to do this?

Mr. GREENBERG. Again, I think if Congress chooses to pass this legislation, then it certainly is possible for Congress to pass it in a way that is legal. And under current law right now, some States do make use of work experience programs that may be some flat number of hours a week regardless of the amount of the assistance grant.

What is different here, though, is that the very concept is one of saying on an institutionalized, across-the-country basis, regardless of one's circumstances, simply by the fact that one is in need of help, one would be required to work for less than the minimum wage on an ongoing basis.

Chairman FORD. Mr. Primus, would you like to comment? Let me direct the question to you.

You have heard three witnesses on this panel talk about the work component 2-year time limit. Is it possible for us to craft any language that could incorporate those that would be outside of the welfare population to qualify for the community work training or skills opportunities in the President's welfare package?

Mr. PRIMUS. I think, Mr. Chairman, the administration has put on the table a plan that tried to balance a number of things, State flexibility versus Federal mandates, female responsibilities versus male responsibilities, the rights of the child and child well-being, as well as some of the alleged things that are wrong with the welfare system, namely that individuals on welfare aren't working and the growing percentage of births are out of wedlock.

I think we have granted a lot of State flexibility in this bill. We have allowed states to open up the JOBS and work programs to noncustodial parents. You have heard a lot of testimony at these hearings that says we have to deal with that problem, and so there is a State option to allow fathers to be treated almost the same way as we treat mothers in the AFDC system. That is a new change.

Chairman FORD. What about the subminimum wage that has been talked about here?

Mr. PRIMUS. We think it is very important that the work-for-wages model in the plan be adhered to, and we say that work must

be paid at the minimum wage. We reject the notion that work should be at a subminimum, except in one very narrow instance; that is in alternative work experience where, for 90 days, as under current law, we would allow States to pay somewhat less than the minimum wage, but it is a very narrow exception.

Chairman FORD. Other than that, what about the—in the Republican bill, they call for the 35 hours that I just mentioned to Mr. Greenberg in certain States. He mentioned the State of Mississippi, and I am from the State of Tennessee. What he responded to would apply to my State as well as other States if we use the number of hours that is in the Republican bill.

Mr. PRIMUS. I think, Mr. Chairman, in questioning Mr. Greenberg, if I recall correctly, you brought that to light, and our reading of H.R. 3500 is the same as Mr. Greenberg. We have difficulties with that concept.

Chairman FORD. But in the work component of the 2-year time limit, is the welfare population working off the cash payments of AFDC? Would the wage rate fall below the minimum wages as set out under the Fair Labor Standards Act?

Mr. PRIMUS. That is right. Under current law, CWEP programs, it is my understanding that minimum wage has to be adhered to, even if it is a work for benefits kind of situation.

Chairman FORD. Right.

At this time, I am going to recognize Mr. Camp.

Mr. CAMP. Thank you, Mr. Chairman.

Mr. Greenberg, you mentioned that—and you cited, I think, the State of Mississippi, that someone required to work 35 hours a week would be working for less than the minimum wage. Your calculation is based only on AFDC; is that correct?

Mr. GREENBERG. The requirement is to work as a condition of receipt of AFDC.

Mr. CAMP. But the AFDC package also includes as an entitlement, food stamps and Medicaid; is that correct?

Mr. GREENBERG. If the family qualifies for food stamps or will receive food stamps. Most AFDC families do, but it is not an automatic entitlement.

Mr. CAMP. And those two entitlements have a significant monetary benefit, do they not?

Mr. GREENBERG. I appreciate the suggestion that you are making and I understand that that is a justification that has been put forward for the H.R. 3500 approach.

Mr. CAMP. So that, let me just say, Mr. Greenberg, so that for someone who is receiving AFDC at $1,440, food stamps at $3,540, and Medicaid at $4,000, the entire benefit package would be $8,980, not the $1,400 that your calculations are based upon. To say that they are working at less than the minimum wage is incorrect. In fact, calculating the value of all benefits, their effective wage rate would be more than the minimum wage.

Mr. GREENBERG. The difficulty is that, under current law, there are a whole set of circumstances under which families will qualify for Medicaid. There are other circumstances under which they will qualify for food stamps. Under H.R. 3500, if the family receives $10 of AFDC, the 35-hour obligation kicks in, and the family then becomes subject to it.

If we were thinking about a private employer that was paying less than minimum wage and the employer said, "but I provide health care to my employees," that would not be a justification for the employer saying that they are satisfying the minimum-wage law.

Mr. CAMP. So clearly there is a group of people—wait, let me just ask a question. I don't have much time. Clearly there is a large group of people that are going to be receiving all three of those benefits. There may be a group of people that you mentioned, but in your testimony, you neglected to indicate that there might be people who would be receiving a larger benefit package, and that is my only point. I have one other question I want to ask you.

Would you say our current welfare system is a success and working pretty well, or it is time to look at trying something new?

Mr. GREENBERG. I would say that there are severe problems with the current welfare system, but that it is crucial for us to realize it is important for there to be a welfare system.

Mr. CAMP. All right.

Mr. Horowitz, I just would like to get your comment on Mr. Kaus' statement that we should spend billions and billions in additional funds on training programs. What is your comment?

Mr. HOROWITZ. Well, I thought that the best answer—I remember listening to Shirley Chisholm talk about the CETA program, the 650,000 enrollees in that failed program. The tragedy of the CETA program was not that we spent lots of money, not that the unions gutted it out of any kind of meaning. She saw its tragedy in the hopelessness of the young men she saw standing on street corners in New York City who were divested of the last shred of hope after having gone through the CETA program and winding up with nothing.

That is the problem with job training programs, and I must say, that I have the same problem with JOBS programs. The Federal JOBS programs may even be worse. In this regard I found the colloquy between you and Mr. Greenberg almost bizarre and ironic. There you were trying to point out——

Mr. CAMP. A lot of things here are bizarre.

Mr. HOROWITZ. It is true, but here the stakes are so high. There you are trying to point out that someone on AFDC in Mississippi is going to be getting more than minimum wage if they participate in what will be, predictably, a meaningless job from which firing for nonperformance will be near impossible.

If the real target here is children born of mothers who are unmarried, incapable of taking care of them, we have got to keep coming back to Mickey Kaus' point. You have got to make the pay for such programs considerably lower than what people are making out there slogging it through in miserable jobs learning job skills and a work ethic in the private sector.

So that I must say, I ask, as a consideration, that we learn about—we learn from experience, in the summer youth programs, the CETA programs, and that we really agree with what Frances Perkins did: No AFDC, period, if you are the mother of a child born out of wedlock, period, flat. We can spend the money we save, Mr. Chairman, on the children, in foster care programs, in adoption

programs, in group homes and so forth. It seems to me that is the only way to go.

Mr. CAMP. You have a comment at the end of your testimony that said that you believe the sound course of reform would be to first eliminate present incentives to increase the incidence of children born to parents incapable of parenting them.

What are those incentives, briefly?

Mr. HOROWITZ. Well, the Kaus testimony is spectacular on that score, and his book even more spectacular. The irony of my friend, Mickey Kaus, who is talking about government programs of the $50 billion order has talked about the whole host of government programs that enable kids to have kids, thereby creating a culture in which we have 90-percent illegitimacy rates in our central cities. This will be the outcome of the whole host of new government programs of the sort Mr. Greenberg talks about.

He thinks the solution is more job programs, more training programs, more of these programs, more of those. We have spent $5 trillion. He wants to spend more on them when the correlation between the spending and the rates of illegitimacy are just as direct as can be.

Mr. CAMP. Government programs?

Mr. HOROWITZ. Yes. What the government has really done is to substitute the bureaucratic state for the male. In the face of that kind of environment, given the perverse incentives of today, it is a miracle that any mothers have succeeded in raising kids against those odds.

The real heroes that I know of are the handful of mothers who have made it in the face of these crazy incentives of a system that have made males irrelevant, that have feminized poverty and masculinized irresponsibility. Changing those incentives is the sort of thing we need to focus on.

Chairman FORD. Mr. Cardin.

Mr. CARDIN. Thank you, Mr. Chairman.

Let me thank all three of our panelists. The cash payment is one of the most difficult issues we have to deal with. Mr. Horowitz, I have a little difficulty in following the rigidness of your position, if I could follow up on Mr. Camp's question.

Because you are a Conservative, I would think you would want to reduce the role of government in many of these decisions. But it seems to me in welfare, the ultimate power of government is to threaten or to set up circumstances where a parent would literally have to give up their child. And that if I understand your position on transferring the funds from AFDC to the child through foster care or through adoption, how would you deal with a good single parent who, through perhaps no fault of her own, through disability, through hard luck, through difficult economic times, through living in a very remote area where services cannot be provided, she finds herself in need of cash assistance?

If I understand your position, you would say that under no circumstances can government try to help that single parent. You are shaking your head no. Maybe I misunderstood your last statement where you said no payments, no AFDC, period, for a single parent. Did I misunderstand your position?

Mr. HOROWITZ. You did not in that respect.

Mr. CARDIN. How would you deal with these exceptional circumstances?

Mr. HOROWITZ. Well, it seemed to me the exceptional circumstance can best be taken care of through better, faster care and adoption programs and by having well financed group residences.

We used to have the Florence Crittenton homes, all sorts of facilities of that sort, where the mother, if she wanted to be with the child and was unable to cope on her own, could live with the child on a no-cash-support basis. That is the—you know, Frances——

Mr. CARDIN. A socialistic type of a commune?

Mr. HOROWITZ. The Frances——

Mr. CARDIN. For a Conservative, that seems like a rather interesting proposal.

Mr. HOROWITZ. Whatever label you put on me, Mr. Cardin, I'll be happy to wear it if we can end the scourge of illegitimacy in these communities where we are looking at 90-percent rates of kids born to mothers who are unmarried.

I would say one other thing. Always that question is: Gee, what about the person we are going to cast out? We have to focus the system around them. First, as Mickey Kaus points out, if the system is there and the proper incentives are there, we are going to see a reduction of this phenomenon.

Second, the kids in today's system are often very, very adaptable, productive kids. If you create a bureaucracy out there which provides the gamut of benefits, the arm around the woman saying, "There, there, we will take care of you," people will be drawn to that system. If you don't, if you reverse the incentives, the kids will also respond.

The fact of the matter is, there are lots of resources within those communities, especially if we do things like reduce the minimum wage, deal with Davis-Bacon, deal with some of the kinds of things—deal with day care in communities, make it possible.

Mr. CARDIN. Let me deal with—I appreciate that response, but I am trying to focus on the circumstance where that is not going to work. Perhaps the single parent is disabled and cannot be able to take that type of job. Perhaps the single parent lives in a very remote area where there are just no opportunities and the economy is such that we don't have the resources to provide the transportation or training, whatever else is needed.

And I really am trying to understand where you are coming from. Because I agree that we have got to change the welfare system as we know it. I support limitations on cash payments. I think we need to have a very clear message out there. But I also understand that government has a role for providing certain safety nets for people who cannot comply with the requirements, even if they are reasonable goals.

You seem to come down and say, well, government has a responsibility but with a very heavy hand. Taking a child away from a parent is a pretty heavy——

Mr. HOROWITZ. Mr. Cardin——

Mr. CARDIN [continuing]. Duty for the government to assume responsibility for taking charge of children.

Mr. HOROWITZ. A few things. First, we ought to have programs for disability and we do, to take care of your first example. If there

are problems of geographic remoteness in rural areas, there ought to be programs out there that deal directly with that issue. But the idea of perpetuating the current disastrous debacle of welfare in order to take care of problems which should be solved by disability, transportation, rural programs, stands, at least to me, on its head.

Now, the second point is that nobody is taking a child—this is not the government taking children away. We do it, by the way. Four hundred thousand kids on——

Mr. CARDIN. You're going to tell a parent that the only way they can get money is by putting their child into some commune environment, and that is the only way they are going to get support from government? It seems to me you are taking away the child.

Mr. HOROWITZ. OK, here is what I say. I say the act of bringing a child onto this earth is the most sacred, solemn act imaginable. It is undertaken rather casually in many communities to the destruction of those communities and particularly the kids brought into it. And I say actions have consequences.

And if you are a kid bringing a kid into this world unprepared to take care of it, there ought to be consequences for that and that ought to be at the heart of social policy. We are not taking the kid away by saying you can't get AFDC. I wish you—I wish Frances Perkins were here, Mr. Cardin, instead of me. She worked at homes for unwed mothers as a volunteer and was so appalled at permitting eligibility under AFDC for unwed mothers that she never spoke to the head of her Children's Bureau, reportedly from that moment on, because she had OK'ed that eligibility without Ms. Perkins' knowledge.

She worked in those areas. She was filled with compassion. She was the most liberal member of the Roosevelt administration. But she lived in that world. She knew what those incentives would do. She knew how destructive they would be.

Mr. CARDIN. I understand. I think we are in agreement on the point that the government has a very definite role in discouraging teenage pregnancy by doing a better job than we are doing today.

Thank you, Mr. Chairman.

Mr. KOPETSKI. Mr. Horowitz, I wish Ms. Perkins was here instead of you. I think she would have understood that society has changed since the thirties, the concept of our family has changed.

I want to go to your testimony, number one. I am not sure that some of my Conservative friends would agree with the statement, but you say that whatever the anti-intellectual and, at times, even nakedly racist aspects of America in the past, those days are gone.

When did they leave us?

Mr. HOROWITZ. Well, we simply disagree so profoundly by that question that it is difficult to answer. But I will tell you again——

Mr. KOPETSKI. Well, you know, the Conservatives——

Mr. HOROWITZ. I don't think they are here now.

Mr. KOPETSKI. They oppose the racial justice provision with respect to the death penalty. When has this changed? When did it change?

Mr. HOROWITZ. Well, Congressman, if you think that opposition to the racial justice provision is racism, the gulf between us is so great as to be unbridgeable. I don't find it evidence of racism.

Mr. KOPETSKI. All right. Let's move on. You state that caring about children means, above all else, ensuring that they are not parented by unmarried teenage girls. How do you go about ensuring this?

It is forced relinquishment of a child. Is it mandatory chastity belts? Is it implanting contraceptive devices? Is it forced abortions? How are you going to do this? How do you envision this happening?

Mr. HOROWITZ. Well, I tried in the colloquy with Mr. Cardin to point out that the failure to offer a welfare subsidy, in my judgment, does not constitute a formal government decision to rip a child away from a mother.

The premise of your question is that, unless there are substantial Federal subsidies, then it is, by definition, an act of ripping a child away from a mother. Once again, Congressman, we differ profoundly.

In terms of what I said——

Mr. KOPETSKI. How do you stop it from happening?

Mr. HOROWITZ. That is the point. I think that is the point in Mickey Kaus' testimony and that, I think, was precisely the prediction that Frances Perkins made when a Mickey got slipped into the AFDC program. She said it would subsidize and increase the births of unwed children.

Mr. KOPETSKI. Forget her. What do you think? What do you say?

Mr. HOROWITZ. I say that when we have got a system—and in this regard——

Mr. KOPETSKI. Forget the system. How do you get young girls—how do you stop them from having premarital sex?

Mr. HOROWITZ. I don't think that is necessarily the focus of this hearing, and I am not going to get into issues——

Mr. KOPETSKI. That is what causes it.

Mr. HOROWITZ. No. Excuse me, what causes it is not taking into consideration the consequences of one's act. And if sex is a part of it, that is to say, if sex without contraception is engaged in promiscuously, there will be children. But if there are no social, political, moral consequences to that, we will have, Congressman, the kinds of results that we have got now. I keep——

Mr. KOPETSKI. So you have no way of offering a solution, how to stop that from happening.

Mr. HOROWITZ. The——

Mr. KOPETSKI. That is a yes or no question.

Mr. HOROWITZ. Yes, I have a solution.

Mr. KOPETSKI. What is the solution?

Mr. HOROWITZ. Do away with the bankrupt programs we have now that create precisely the phenomenon you say you oppose.

Mr. KOPETSKI. Well, we have studies that suggest that limiting cash assistance for single parents, and the claim that it will limit nonmarital birth, is not supported by the evidence.

And I would like to introduce this statement from Rebecca Blank, professor of economics at Northwestern University into the record at this point.

[The prepared statement of Rebecca Blank follows:]

Journal of Economic Perspectives—Volume 8, Number 4—Fall 1994—Pages 183–193

Policy Watch
Proposals for Time-Limited Welfare

Rebecca M. Blank

Public policies are often made without much recourse to economic reasoning. Economists are often unaware of what is happening in the world of public affairs. As a result, both the quality of public decision making and the role that economists play in it are less than optimal. This feature contains short articles on topics that are currently on the agendas of policy makers, thus illustrating the role of economic analysis in illuminating current debates. Suggestions for future columns and comments on past ones should be sent to Daniel Weinberg, c/o *Journal of Economic Perspectives*, HHES Division, Bureau of the Census, Department of Commerce, Washington, D. C. 20233.

Introduction

Once again, welfare reform is on the political agenda. It was only six years ago that Ronald Reagan signed the Family Support Act (FSA) of 1988, heralded as a sweeping change in welfare. The FSA mandated that all states run job training and placement programs for work-eligible participants in the Aid to Families with Dependent Children (AFDC) program, the cash assistance program most frequently called "welfare." The FSA was implemented at the same time that many state budgets became extremely tight in the 1990–1991 recession, which limited the programs that states were able to put in place. In addition, many states sought to enact further restrictions on public assistance eligibility. Many of these state restrictions were linked to particular behaviors, such as denying funding for additional children born to unmarried AFDC recipients.

■ *Rebecca M. Blank is Professor of Economics, Northwestern University, Evanston, Illinois.*

In the midst of these changes, President Clinton's campaign promise to "end welfare as we know it" struck a popular nerve. In June 1994, the Clinton administration sent its welfare reform bill to Congress.[1] The piece of this bill that has received the most attention is its proposal that all who have received cash assistance from AFDC for two years must mandatorily engage in job search, job training or other work-related activities. Those who are unsuccessful at finding a private sector job within a certain time period will be placed in a minimum wage public sector job. Child care funding must be provided for the children of women participating in these activities. There are no limits on the public sector job placements available to a woman who continues to be unsuccessful in locating private sector work. Ongoing receipt of AFDC benefits will be conditional upon participation in this program. Because of both the need to keep costs down and the management problems of creating large numbers of public sector jobs, the administration proposes to phase in this program among AFDC recipients. The requirements will apply to all women born after 1971, which means that only younger AFDC recipients must participate in the early years of the program.

Clinton's plan is a middle route among a number of competing welfare reform bill before Congress. On the conservative side, a group of Republicans have proposed a strict two-year time limit to AFDC, with only limited availability of public sector jobs for those who fail to find work in the private sector. On the liberal side, various alternative bills are under discussion that strengthen work requirements, but allow more flexibility than the two-year time limits proposed by Clinton, and which provide more funding for child care, education, and training.[2]

The AFDC Program

Before turning to the issues raised by time-limited welfare, a brief review of some key facts about the AFDC program may be useful.[3] AFDC is run jointly by the states and the federal government, with the states establishing benefit levels and the federal government establishing other benefit and eligibility criterion. Costs are shared by both levels of government. Around 93 percent of eligible participants are single parents (virtually all women), although a small but more restrictive program for married couple families is also available. Families

[1]The bill was based on the work of a task force that Clinton appointed shortly after his election, cochaired by the economist David Ellwood, an Assistant Secretary in the Department of Health and Human Services, Mary Jo Bane, another DHHS Assistant Secretary. and Paul Reed, a domestic policy advisor.

[2]The Center for Law and Social Policy in Washington, D.C., publishes a regular newsletter, called *States Update*, describing the latest details regarding federal legislation on welfare reform.

[3]For more detailed information on AFDC, see the *1993 Green Book* (U.S. House of Representatives, 1993).

Table 1
Characteristics of the AFDC Program and its Participants

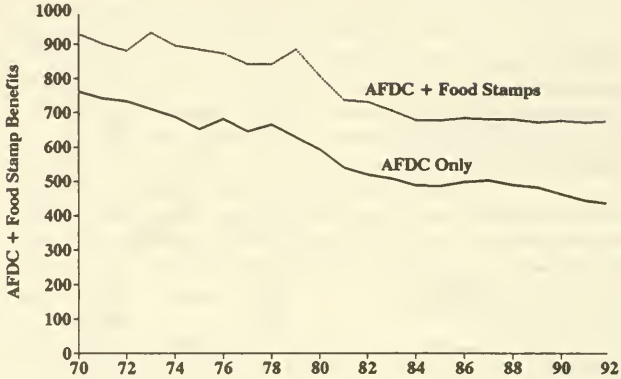
A. Program Characteristics	*1980*	*1990*	*1992*
Total benefits paid (1992 dollars, in billions)	19.6	19.9	22.2
Average number of participating families per month (in thousands)	3,574	3,974	4,769
Benefits per family (1992 dollars)	458	429	388
Children on AFDC as a percent of all children in poverty	63.2	59.0	60.0[a]
B. Participant Characteristics	1979	1986	1991
Average family size	3.0	3.0	2.9
Percent of families with earnings	12.8	7.5	7.9
Median months of AFDC this spell	29.0	27.0	21.9
Percent of mothers without a high school degree among all AFDC mothers	58.0	47.4	46.3
Percent of teen mothers among all AFDC mothers	4.3	3.3	8.1
Percent of never-married mothers among all AFDC mothers	37.8	48.9	52.9
Percent of AFDC families that are:			
White	40.4	39.7	38.1
Black	43.4	40.7	38.8
Hispanic[b]	13.6	14.4	17.4

Source: U.S. House of Representatives (1993). Table 1, p. 616; Table 26, p. 680; and Table 31, p. 696–97.
[a]1991
[b]The Hispanic category overlaps with the white and black categories.

eligible for AFDC are also categorically eligible for food stamps and for Medicaid (a health insurance program for low-income families). In 1993, maximum monthly AFDC plus food stamp benefits for a family of three varied from $456 in Alabama to $1191 in Alaska.

Table 1 presents some statistics about the AFDC program and its participants. In 1992, an average of 4.8 million families participated in AFDC each month, receiving $22.2 billion in state and federal benefits over the year. Participation has risen substantially in the last few years, largely due to the economic slowdown of the early 1990s. Benefits per family have fallen steadily for at least two decades. Figure 1 shows the decline in monthly AFDC and food stamp benefit levels in the median state. In the face of this benefit decline, the long-term rise in caseloads since 1980 may seem surprising, but this is largely due to the increase in the number of single-parent families.

Figure 1
Median State AFDC and Food Stamp Benefits
(family of four, 1992 dollars)



Average family size among AFDC recipients is 2.9 people, which means the number of children (1.9) in these families is virtually identical to that in married couple families with children. Only a small fraction of AFDC mothers are teens; slightly less than half do not have a high school degree. Only around 8 percent report earnings, although many analysts believe there may be extensive unreported income among this population since the loss of benefits is very high per dollar earned. Over 50 percent of AFDC recipients have never married, a fraction that has grown substantially in the past decade. Around 40 percent of AFDC families are white, 40 percent are black, and close to 20 percent are Hispanic.

The Employment and Wage Outlook for Less Skilled Workers

Placing time limits on AFDC is a strategy intended to move recipients from welfare to work. However, recent trends in the labor market for low income workers have probably made it harder to run a successful employment-focused antipoverty strategy now than at any time in the past 30 years (Blank, 1994a). Because of deteriorating earnings opportunities, simply putting people into jobs may not lead to economic self-sufficiency.

Real wages among less skilled workers have fallen steadily since around 1979, as a growing literature has shown (Levy and Murnane, 1992). For instance, real wages for male high school dropouts fell by 13 percent between 1979 and 1989, with particularly large declines among younger, less experienced workers. Among less skilled women, there was no overall decline in wages; rather, this group has faced essentially stagnant wage levels since 1969,

at very low wage levels (Blank, 1994b, Table 4). These trends are quite different than the trends among more educated workers, both male and female, who have experienced substantial wage growth over the past decade.

In contrast, there is no evidence that unemployment among less skilled U.S. workers has become worse since 1979. Less skilled workers have always experienced a disproportionate burden of unemployment—among high school dropouts, the unemployment rate is close to five times what it is among college graduates. But this differential has not gotten worse in recent years, and the absolute levels of unemployment in 1994 are somewhat below where they were in the late 1970s (Blank, 1994b). In fact, among women, relative unemployment rates have fallen compared to men. While unemployment remains a serious problem for less skilled and minority workers, recent labor market changes have not altered the relative availability of jobs as much as they have altered the nature of the jobs that are available.

Given limited labor market opportunities, moving women into employment will surely increase their work behavior, but may do little to improve their economic situation. Moffitt (1992) notes that 95 percent of AFDC recipients would, if off the program, have earnings so low that their income would still be below the AFDC eligibility cut-off. Increases in work would also potentially increase expenses for child care and transportation, so that even families with higher incomes from work might have less disposable income.

If the labor market for less skilled workers continues to deteriorate (as most analysts expect), the most important antipoverty program enacted by the Clinton administration may not be their welfare reform bill, but the expansions in the Earned Income Tax Credit (EITC) that were approved last year. The EITC is a refundable wage supplement for low-wage workers in low-income families (Scholz, 1994). It is paid through the federal income tax system, typically as a lump sum at the end of the tax year (the current welfare reform bill proposes to make it easier to pay out on a monthly basis.)

The EITC supplements earnings to a point, then tapers off as earnings rise above this level. By 1996, the maximum supplement for a family with two children will be $3370. By then, the EITC will probably cost more, in terms of direct and tax expenditures, than the AFDC program. Although the extent to which the EITC provides a work incentive for all recipients is open to question (due to conflicting income and substitution effects), because those who do not work receive nothing, the EITC unambiguously increases the incentives for those out of the labor market to become employed by raising their wage rate and helps "make work pay," to use the rhetoric of the Clinton administration.

Evidence on the Potential Effects of the Proposed Welfare Reform

Requirements that all states run welfare-to-work programs were enacted by the Family Support Act of 1988 in part because of a series of randomized experimental evaluations of state welfare-to-work programs conducted by the

Manpower Demonstration Research Corporation (MDRC) in the 1980s. These evaluations concluded that job search assistance produced employment and earnings gains among female AFDC recipients (Gueron and Pauly, 1991). For instance, by the end of the third year of the Arkansas program, the employment rate among the experimental group with access to work-welfare programs was 6.2 percentage points higher than the 18.3 percent employment rate among the control group; experimental group earnings were 31 percent higher ($337 per year). The programs were also cost-effective for the government. More recent evaluations of the FSA welfare-to-work programs implemented since 1988 in California and Florida indicate results similar to these earlier programs (Kemple and Haimson, 1994; Riccio, et. al., 1994).

Although the gains from these programs are statistically significant, they are also small. These programs improved women's labor market involvement, decreased their reliance on welfare, and created small increases in total family income (on the order of $150 to $600 per year in most states). But there is no evidence that they lifted many families out of poverty.

While this evaluation research suggests that certain types of welfare-to-work programs can produce useful results, there are a number of pieces in the current welfare reform proposal that are less well supported by research. Let me highlight two issues about which we have little information, but which are critical to the success of the current welfare reform proposals. Both are ripe topics for research.

First, the new reforms propose creating public sector jobs, a strategy not used in the United States since the Comprehensive Employment and Training Act (CETA) came to an end in 1983.[4] Women unable to move off AFDC through their own employment must accept placement in one of these jobs as a condition for continuing to receive their grant. In theory, these jobs will provide women with work experience that allows them to move into a private sector job when the public job placement ends.

We have limited information on the effectiveness of created public sector jobs as a training ground for private sector work. Evaluations of CETA indicate small earnings gains to persons after they experienced a short (typically six-month) public job placement, although women seemed to gain more from this program than men (Barnow, 1987). Many of the evaluation techniques used for CETA, however, have become discredited with further research.[5] There are also management problems with making a public sector jobs program work effectively; many municipalities did not perform this task well under CETA. For instance, there was evidence of substantial job displacement in some communi-

[4] We have continued to run summer job programs for disadvantaged youth.

[5] A special panel established by the U.S. Department of Labor to review the research evidence on CETA concluded, "...the estimates of net impact of CETA are not reliable and ...the true net impacts of CETA are still open to question" (Job Training Longitudinal Survey Research Advisory Panel, 1985).

ties, as public or nonprofit agencies substituted subsidized workers for existing workers. In the end, the public sector job creation component in the welfare reform proposals is an experiment, whose results we cannot predict well from existing evidence.

A second key issue involves the effect of work requirements on women with younger children. The Clinton welfare reform bill, as well as many other proposed bills, focuses its requirements on younger women. This is in strong contrast to previous welfare-to-work programs, which typically exempted women with preschool children. In fact, most of the MDRC evaluations showing program effectiveness are based on programs that involved only women with school-age children. The current welfare proposals impose their mandates on AFDC recipients age 24 or younger (in the first year), many of whom have young children at home. There are a variety of reasons why work efforts aimed at this population might be less successful; for instance child care is more expensive and mothers' time demands as single parents might be greater.

The MDRC evaluations showed that job training and placement programs aimed at women with older children can be effective. It is somewhat ironic that the new provisions are ignoring this accumulated evidence, placing no additional requirements on the population that we already have evidence can be responsive to these programs. Instead, they are focussing on a population for whom it will probably be more expensive and harder to make work programs operate well.

There are other claims for the proposed welfare reform plan that our existing evidence suggests are overstated. Imbedded in much of the rhetoric over welfare reform is an assumption that "getting tough" with longer-term welfare recipients will induce them to find employment and get off welfare sooner. There are also those who claim these reforms will reduce the number of teen pregnancies and nonmarital births by making AFDC assistance less attractive. There is limited evidence to support either of these claims.

The current Clinton plan faces several obstacles to reducing long-term welfare spells. Long-term welfare recipients tend to be more disadvantaged, with low education levels, little job experience, more and younger children, located in areas with fewer jobs and higher poverty rates. It is not clear that placing these women in public sector jobs will make it any easier for them to find self-supporting private sector employment, particularly given the labor market trends noted above. In fact, because women are guaranteed free child care as long as they are in an AFDC mandatory work program, but will lose child care assistance from the government after a year if they leave AFDC for a private sector job, they may be better off in an AFDC public sector job placement than on their own. The evaluation of past welfare-to-work programs indicate that it is the middle group of women who benefit most from job placement programs; more advantaged women leave AFDC anyway, while more disadvantaged women are not affected by a short-term placement program. But this last group is most at risk of long-term AFDC use.

The claim that limiting cash assistance for single parents will limit nonmarital births is also not well supported by evidence. A wide variety of studies have indicated that AFDC benefit levels have small or no effects on fertility behavior (Moffitt, 1992). While we have no evidence on the impact of AFDC work programs on fertility behavior (research on this topic is needed), there is little reason to expect large effects. The substantial changes in fertility and marriage behavior in the United States over the past few decades have occurred throughout the income distribution. In fact, nonmarital births have grown more rapidly among higher income women in recent years than among poor women (although they remain at a much lower level for the former group).

Costs of Welfare and Welfare Reform

One of the factors driving welfare reform is the hope that it will save public money. The same fiscal tightness that encourages welfare reform also limits and shapes what sort of reform is actually tried, however. The initial set of welfare reform proposals discussed within the Clinton administration were much more extensive than the bill actually presented to Congress, which asks for $9.3 billion over five years. For instance, the original administration plan included substantial increases in child care subsidies to working low-income families, to prevent the perverse effect mentioned earlier whereby women who move off AFDC may be worse off because they lose child care assistance.

This provision and others disappeared from the original proposals largely because of financial pressure. Under current budget law, all programs that increase the cost of entitlement programs must be matched with other program cuts or tax increases, so that the overall effect on the budget deficit is neutral. This makes financing a large reform proposal almost impossible without some tax increases, which appear to be impossible in the current political environment. Most of the current welfare bills before Congress (including the Clinton proposal) are largely paid for through cuts in other transfer programs.[6]

With this very low level of financing, the rhetoric of reform—Clinton's promise to "end welfare as we know it"—far exceeds the reality. With limited financing, only a relatively small fraction of the caseload can be subjected to the work mandates (hence the phase-in starting with only younger women). To run this program for the entire caseload would cost substantially more than is now proposed. This means that either the cost of this program must balloon over time as more women become eligible, or the program will simply not be enforceable for many welfare recipients. It is possible that many women will face a work mandate only on paper, as they wait for funds for slots in job placement programs to become available.

[6]Many of the proposed cuts limit the access of legal immigrants to entitlement programs.

It is also worth noting that moving from a cash assistance welfare program to an employment-based assistance program will not necessarily save money, despite the general expectation that welfare reform means reductions in government spending on welfare. In general, labor-market directed programs such as job training, job placement or public sector job creation cost more up front than simply sending out monthly checks. If these programs are successful in increasing the earnings and employment of low-income women, then a net budget saving will occur. To the extent that this round of welfare reform proposes to put long-term welfare recipients into long-term employment and job placement programs, it is not at all clear that this will be less costly than continuing to write checks.

The package of Clinton administration welfare reform proposals, like others before it, also proposes to strengthen provisions for child support collection. These proposals are particularly attractive for several reasons. From a budgetary standpoint, they offer private money to support poor children, rather than public money. From a political standpoint, making absent fathers pay to support their children is popular. From a programmatic standpoint, the evidence indicates that child support enforcement is extremely cost effective, as states collect $3.99 for every dollar spent on child support collection programs (U.S. House of Representatives, 1993, p. 742). Of course, as child support efforts broaden, this return rate will probably drop. Even so, it is clear that child support efforts will be an important and probably growing method to increase women's income, outside of public transfer programs and labor market earnings.

However, child support programs have their limitations, as well. Given that the children of low-income women are generally fathered by low-income men, a child support system that relies only on the dollars that absent fathers are able to contribute will still leave most low-income women below the poverty line. Simulations of the effects of more extensive child support payments on poverty levels among low-income women indicate that this will make poor women less poor. But because of the low earnings opportunities available to many of the fathers, they will not actually lift many poor women and children above the poverty line (Robins, 1986).

Conclusions

Elsewhere, I have discussed the difference between the *work goal* and the *income goal* in welfare reform (Blank, 1994a). Those favoring the work goal argue that employment is a good thing in and of itself. They claim that work among adults is important, providing children with good role models and providing adults with a sense of self-worth and connectedness to mainstream society. Those pursuing the income goal typically support employment programs only if they lead to an improvement in the disposable income available to

a family. The current welfare reform debate is clearly much more focussed on the work goal than the income goal.

Given ongoing deterioration in the earnings opportunities available to less skilled workers in the United States, I think it is difficult to view the proposed welfare reforms of the Clinton administration as antipoverty measures. They are instead employment measures, designed to increase work among low-income families. There is little evidence that they will result in lower pre-transfer poverty rates among women and children.

The current set of welfare reforms propose a reconfiguration of our existing antipoverty programs. We are moving away from a system that provides direct cash assistance payments to low-income families, toward a system that conditions its payments much more closely. If the Clinton proposals were fully enacted, antipoverty expenditures will shift toward worker subsidies through the EITC, child support collection efforts, and subsidized jobs that support mandated employment in exchange for cash assistance. It is not clear that this will be either a cheaper or a more effective antipoverty system than the one we have at present. It will be different, with a different set of management and incentive problems than are imbedded in the current welfare system.

To the extent that the American public has come to value work effort on the part of low-income families, these proposed reforms will certainly accomplish that goal. It does not require a great deal of imagination, however, to see ways by which this wave of welfare reform may leave some poor women and children economically worse off than before. If women are working more, without substantial increases in family income, they are unambiguously worse off by standard economic analysis. To the extent that they have less time and energy for parenting, their children may be worse off as well.

References

Barnow, Burt S., "The Impact of CETA Programs on Earnings," *Journal of Human Resources*, Spring 1987, *22*, 157–93.

Blank, Rebecca M., "The Employment Strategy: Public Policies to Increase Work and Earnings." In Danziger, S. H., G. D. Sandefur, and D. H. Weinberg, eds., *Confronting Poverty: Prescriptions for Change*. Cambridge: Harvard University. 1994a, 168–204.

Blank, Rebecca M., "Outlook for the U.S. Labor Market and Prospects for Low-Wage Entry Jobs." Paper prepared for the Urban Institute conference on welfare reform, May 1994b.

Gueron, Judith M., and Edward Pauly. *From Welfare to Work*. New York: The Russell Sage Foundation. 1991.

Job Training Longitudinal Survey Research Advisory Panel. *Recommendations of the Job Training Longitudinal Research Advisory Panel*. Report prepared for the Office of Strategic Planning and Policy Development, Employment and Training Administration, U.S. Department of Labor, Washington, D.C. 1985.

Kemple, James J., and Joshua Haimson. *Florida's Project Independence*. New York: Manpower Demonstration Research Corporation, January 1994.

Levy, Frank, and Richard J. Murnane, "U.S. Earnings Levels and Earnings Inequality: A Review of Recent Trends and Proposed Explanations." *Journal of Economic Literature*, September 1992, *30*, 1333–81.

Moffitt, Robert, "Incentive Effects of the U.S. Welfare System: A Review. *Journal of Economic Literature*, March 1992, *30*, 1–61.

Riccio, James, Daniel Friedlander, and Stephen Freedman, *Gain: Benefits, Costs and Three-Year Impacts of a Welfare-to-Work Program*. New York: Manpower Demonstration Research Corporation, June 1994.

Robins, Philip K., "Child Support, Welfare Dependency, and Poverty," *American Economic Review*, September 1986, *76*, 768–88.

Scholz, John Karl, "Tax Policy and the Working Poor: The Earned Income Tax Credit," *Focus*, Institute for Research on Poverty, Madison, Wisconsin, Winter 1994.

U.S. House of Representatives, Committee on Ways and Means. 1993 *Green Book. Washington, D.C.: U.S. Government Printing Office, July* 1993.

Mr. KOPETSKI. Let me move to your statements about——

Mr. HOROWITZ. Congressman, may I just say, I have looked at some of the studies. My own understanding of the studies is that there is a positive correlation in the overwhelming majority of studies undertaken between generosity of welfare benefits and illegitimacy, a very high correlation between the two. In the 20 studies that I know to have been undertaken, in 15 there are positive correlations between the two.

Mr. KOPETSKI. Well, this summarizes by stating a fact, nonmarital births have grown more rapidly among higher income women in recent years than among poor women.

Mr. HOROWITZ. Congressman——

Mr. KOPETSKI. Let me move on to day care.

Mr. HOROWITZ. Can I say——

Mr. KOPETSKI. Let's move on.

Mr. HOROWITZ. With a 90-percent illegitimacy rate, you can't have a rate that increases rapidly. That is all that means.

Mr. KOPETSKI. Let's move on to what you say is day care, which is a totally incorrect use of the term. It is child care. We are talking about taking care of children, and for those who understand the child care community understand that parents or a single parent need child care, even during the swing shift and even during the night shift.

I, quite frankly, get tired of having to talk to white males about these language problems. In the last hearing, on illegitimate children, I think we resolved in this committee that God doesn't believe there are any illegitimate children, only white males believe that.

But going on to day care, as you call it, you criticize over State and local licensing and unmandatory standards. What do you have against health standards for children in child care settings? Do you have anything against that?

Mr. HOROWITZ. Yes. Flatly, yes.

Mr. KOPETSKI. Oh. All right. How about fire safety for children in day care settings?

Mr. HOROWITZ. In terms of the way these standards are administered, the answer to that is yes. And I—but I will say, I do want a chance not to simply respond in that way but to provide the perspective.

When I was at the Office of Management and Budget, we were involved in regulatory review, and I can tell you, Congressman, that big businesses turned out to be the biggest fans of big regulation. They would come in and say, let's have real fire safety. Let's have three socialworkers. Let's have two nurses. It all sounded great until you really understood what was going on was they were looking through regulation to drive out any kind of competition.

The real competition in day care, Congressman, is the kind of competition that would be possible from within the resources of the communities. That is being made increasingly illegal, thanks to the lobbying under the guise of safety of a lot of the commercial day care operations. The best evidence of that is a marvelous article by Paul Offner, Senator Moynihan's assistant, on this subject in The New Republic, where he talked about how we are spending billions on day care programs that are going to good Republicans, for the

most part, good, rich businessmen, and they get it that way by talking about fire safety and health safety and all kinds of safeties which load up and goldplate these programs.

Mr. KOPETSKI. We are talking about physical and sexual abuse, also.

Mr. HOROWITZ. I am horrified at physical and sexual abuse. I will tell you, goldplating these kinds of programs is not the answer to dealing with such abuse. I would much rather have aunts and women in the community take care of kids in homes that may not meet the fire safety requirements of the kinder care programs, because I think, on the whole, they will do a much better job.

Mr. KOPETSKI. When was the last time you were in a family day care or a child care center?

Mr. HOROWITZ. I have not been at—at a—any of the commercial programs. I have surely seen day care in a variety of ways.

Mr. KOPETSKI. Have you seen a family day care operation?

Mr. HOROWITZ. Yes. Yes.

Mr. KOPETSKI. When was the last time?

Mr. HOROWITZ. Two months ago.

Mr. KOPETSKI. What was the circumstance, in a professional capacity?

Mr. HOROWITZ. In a nonprofessional capacity.

Mr. KOPETSKI. Ah.

Mr. HOROWITZ. In my case when I visited?

Mr. KOPETSKI. Yes.

Mr. HOROWITZ. Going there in a nonprofessional capacity, looking at a woman who I know very well who is a Hispanic woman, taking care of five kids, probably illegally under the laws of Virginia.

Mr. KOPETSKI. And when was the——

Mr. HOROWITZ. And doing it for peanuts and doing it better than any of the day care programs I have seen.

Mr. KOPETSKI. When you were at OMB, how many of these centers did you visit?

Mr. HOROWITZ. Which ones?

Mr. KOPETSKI. How many? Just generally. Did you go in——

Mr. HOROWITZ. What centers? Indian reservation centers, ghetto centers? I visited plenty.

Mr. KOPETSKI. Migrant worker centers?

Mr. HOROWITZ. What?

Mr. KOPETSKI. Migrant worker centers?

Mr. HOROWITZ. No, no migrant worker centers, Congressman.

Mr. KOPETSKI. You have actually been in child care centers?

Mr. HOROWITZ. Yes.

Mr. KOPETSKI. Well, why didn't you learn the correct terminology to begin with?

Mr. HOROWITZ. Congressman, forgive me my sin. This is—I ought to learn it, and your point is well taken.

Mr. KOPETSKI. My time's expired, Mr. Chairman, I am sorry.

Mr. FORD. Thank you very much.

Chairman FORD. Mr. Primus, what about the administration? What if that theory was adopted, basically is that if a young mother had an untimely birth, the way I heard a witness respond, not only should he be taken away, the mother and the child should be placed in some foster care or government program, whether that is

for a 2-year period or for life or whatever until such time this young lady marries someone to move her out of these conditions.

That is what I think that I heard from the witness. What is the administration's response to that?

Mr. PRIMUS. We are very concerned any time you are taking children away from parents.

Chairman FORD. If I understood it correctly, the mother and the child would go into the custody of the government, into a foster care program.

Mr. PRIMUS. One thing I would say about Mr. Horowitz' testimony is that actions should have certain consequences. And I think if you look at the administration's bill, we have tried to do that on all fronts.

In our society if a child is born out of wedlock, the probability that a father is actually making a payment to that child is 14 percent. And we take a lot of steps in the administration's welfare reform bill to change that probability so that eventually, there is a message on the street, that if you have a child or no longer live with that child, you are going to have to pay child support.

We have said lots of things to the 16-year-old mother who has a child. We have set up the standard that she should try to complete school. We have said that after 2 years after reaching age 18 she is going to be expected to work. We have changed the system fundamentally in a lot of different ways so that actions do bear consequences, but without, we hope, harming the welfare of children. We think that improving the welfare of children is the key in terms of whether any welfare reform bill is successful.

If you go back and look at the early eighties, the safety net was cut significantly. However, the changes we made in the late eighties clearly strengthened the safety net. And we removed more children from poverty than we did in the early eighties.

Chairman FORD. Well, what about the children that we are talking about? We have heard so much here that the intent is to strengthen families.

Certainly we totally disagree with so many out-of-wedlock births. We have heard from one witness who has shifted all of that blame and that responsibility to the welfare program. Have you seen the shift of any large number of so-called illegitimate babies that have come in the welfare rolls over the last 10 years?

We acknowledge there is a problem. I know that I can associate with the HHS that it is a problem for America. It is something that we ought to address. But we bring it to this welfare reform bill, and we want to place all the blame on out-of-wedlock births, illegitimacy. That has been heard from on the witness table today.

Have you seen a rise in the welfare rolls because of that?

Mr. PRIMUS. There is no doubt that the out-of-wedlock childbearing rate is increasing. There is also no doubt that the welfare rolls have increased since 1988. And if you look at——

Chairman FORD. In 1988—you said since 1988—1988 through what, currently?

Mr. PRIMUS. Currently, 1993, 1994.

Was the—what can you measure it by in 1989, 1990 and 1992. Was it illegitimacy? From, I guess—I don't like that term, either, Mr. Chairman. I think the out-of-wedlock—I don't think we have

a definitive study at all that shows a relationship between the welfare system and this out-of-wedlock phenomenon.

I reject the notion that we have spent $5 trillion on these safety net programs and that is what has caused this increase in out-of-wedlock childbearing.

Chairman FORD. That $5 trillion goes way out of the scope of what the witnesses were asked to come here to speak on today, and I have heard one of the witnesses has sort of, in so many words, responded to a member of this committee in talking about other subject matters that have grown out of this subject matter.

And I don't think that the $5 trillion that the witness made reference to pertains directly to what we have before this committee and what we are trying to accomplish for the 13 million people who fall within the welfare population itself.

Mr. PRIMUS. That is right. I think, Mr. Chairman, everybody recognizes that the welfare system has sent mixed signals, certain messages with which I think both sides of the aisle and both Liberals and Conservatives disagree. We all reject the notion that individuals can stay on welfare without participating in any activity that moves them to self-sufficiency or that fathers can bear children and because of the failing child support system know that the probability that they are going to make a payment to the child is close to zero.

And the welfare bill that the administration has put on the table really addresses that and tries to change the system in fundamental ways that erase those aspects of the current system.

Chairman FORD. Mr. Kaus, I think you have——

Mr. KOPETSKI. Mr. Chairman——

Chairman FORD. Let me recognize the member.

Mr. KOPETSKI. Mr. Primus, we talk about the correlations only within a welfare system. I am trying to educate people that we ought to also make a correlation between what is going on in the rest of society, between out-of-wedlock births, nonmarital births and incidence of marriage generally in our society. I mean, let's put it in that universe, as well.

Mr. PRIMUS. Congressman, what you say is absolutely true. I did not want to draw the inference that the welfare system was causing this increase in the out-of-wedlock childbirth rate. Also, once an out-of-wedlock birth has happened, the system doesn't send a very good message to these fathers or to the mothers. We have changed some of those expectations is what we have changed in this bill.

I don't think there is any correlation between changes in the welfare system in the last few years that caused this very dramatic increase in out-of-wedlock childbearing.

Mr. KOPETSKI. And, for example, when Frances Perkins was running around the halls of Congress, the incidence of divorce, I am willing to bet, was at least half of what it is today.

Mr. PRIMUS. That is true, I believe.

Mr. KOPETSKI. And the rate of marriage was significantly higher than it is today, which creates a totally different concept of family for the nineties than we had in the thirties, forties and fifties.

Mr. PRIMUS. That is right. A majority of the children born today will spend a significant period of time in a single-parent family. So that this bill, while we have called it—or while it is known as a

welfare reform bill, really is trying to change the welfare of a much larger population of children because, again, the majority of children reaching age 16 or 18 will not have lived with their father or one of their parents a significant portion of their life.

And the question is: What system of law do you want to have in place that addresses the changing family situation we have in America today?

Mr. KOPETSKI. Thank you.

Chairman FORD. That is not really limited to the welfare rolls of this country; is that right?

Mr. PRIMUS. That is right. The child support enforcement changes the administration has put on the table do not just apply to poor children by any means. These are universal changes.

Chairman FORD. That is one of the problems with some of the witnesses who want to testify before the committee. And Mr. Horowitz, I must say that you have gone way out of that particular scope today in your testimony before the committee. It is one of the things that is unrelated now to the subject matter but you got it in your testimony.

You taught civil rights law in the sixties in the first class or classes at Ole Miss——

Mr. HOROWITZ. Yes.

Chairman FORD [continuing]. In the law school. Were you there prior to the sixties at the law school?

Mr. HOROWITZ. No, sir.

Chairman FORD. You came in in the sixties?

Mr. HOROWITZ. Yes, sir.

Chairman FORD. Were you a professor of law prior to that at any other institution?

Mr. HOROWITZ. No, sir.

Chairman FORD. When did James Meredith integrate the school?

Mr. HOROWITZ. He was an undergraduate, and I think that was in the early- to midsixties. The first integrated classes at the law school were in 1967, I believe.

Chairman FORD. Was that before the——

Mr. HOROWITZ. He came to teach. I was there at Mississippi in the march where James Meredith was shot. I remember that rather vividly.

Chairman FORD. It is in my back door. I am very familiar with the law school there——

Mr. HOROWITZ. Yes, indeed.

Chairman FORD [continuing]. At Ole Miss.

You made reference——

Mr. HOROWITZ. I have to say with some measure of pride that during my tenure, the infamous—that is hardly a descriptor of him—Byron de la Beckworth ran for Lieutenant Governor of Mississippi and pledged that his first act as Lieutenant Governor would be to get me fired from the law school. I took great pride in that, and I take equal pride in this testimony.

And I am trying to make the point—and I hope it is not out of bounds—that it is the same person, the same set of moral passions to make society work for people who are getting screwed by it.

Chairman FORD. Were you involved in—after Meredith was shot, were you involved in the legal affairs? Were you involved with his being admitted to the university in any way?

Mr. HOROWITZ. The Meredith admission came before I was—before I was there. I do remember—well, we could—there are lots of stories to tell about those extraordinary years, as you know.

Chairman FORD. How many minorities did you have in your class?

Mr. HOROWITZ. It began with four. I can remember, if I can just swap the story, this is what went on there. There was a student who was—who later became the first black justice of the Mississippi Supreme Court who was one of my—who was a student there. Things were beginning to happen in Mississippi during that period, and I am proud to say the law school played a real role in it.

Chairman FORD. And who was your predecessor in the law class of civil rights law?

Mr. HOROWITZ. There was none.

Chairman FORD. There was none?

Mr. HOROWITZ. Yes, none.

Chairman FORD. Mr. Greenberg, I think you had a question. But before I yield to you, I am going to go back to Mr. Kaus.

Mr. KAUS. Just back to the question of out-of-wedlock births. In the "Green Book," which is Wendell's baby, if you look at the statistics, they show that the welfare caseload has changed dramatically from being 48 percent from divorce or separation and 31 percent having no marriage tie to the latest figures in 1991—I am looking at the 1993 book—52 percent, no marriage tie. More than half got on welfare without a marriage tie and only 32 percent divorce or separation. So that trend is happening. And yes, there are large trends toward less marriage, more single parenthood in society. That doesn't mean they are good.

I disagree with Conservatives who think we can turn the clock back to the days of Ozzie and Harriet, but we have to find a new equilibrium, and it may be to find an equilibrium with more single-parent families, you have to reemphasize more strongly what I think the Clinton bill does emphasize, which is you shouldn't bring a child into the world unless you can support it. If you are a single parent, that is fine, but you better be ready to support the child. And I think that is the equilibrium we should try for.

Chairman FORD. I think we——

Mr. KOPETSKI. Mr. Chairman——

Chairman FORD. We are letting the Federal Government completely off. We are talking about out-of-wedlock births—after all, the government created many of these problems and even States today—but the government for so long, in a majority of the States, essentially said, you couldn't be married. You couldn't have a husband if the kids were going to qualify for AFDC benefits. That was true in my State and true in many, many other States until just recently.

And if you look at the language now, it is still not clear how fathers can live with their kids if they are unemployed.

Mr. Kopetski——

Mr. KOPETSKI. Mr. Chairman—Mr. Kaus, I mean, that is very true what you say. We don't want young people, especially 15-, 16-, 17-year-olds, having babies. As a society, it is not healthy for them, just physically not healthy. And then we know generally what is going to happen in terms of the economic well-being of the parents and that child as well.

Now, one whole side of this issue is how you get kids—kids—to stop having babies. You know, nobody here wants to step forward and say, well, this is what we have got to do, this one, two, and three. But what we are trying to deal with in the welfare system is: What do you do once they do have the child?

Now, you can draw a correlation between welfare payments and this increase in nonmarital birth. But, you know, people who refuse to look at the rest of society and who suggest that people on welfare somehow are different than the rest of society, I think that is anti-intellectual in itself.

Why don't we ask how many of these people are drinking Diet Coke and on welfare? I mean, is there really this correlation, or are there larger forces in our culture, in our society, that suggest young people are going to have babies out of wedlock? Our focus here is what to do once they occur.

Mr. KAUS. My point is exactly not that. It is that the focus has to be on what you do once they occur, and also on changing the welfare system in a way that encourages them to make better choices in the first place. And I think the Clinton bill is a very reasonable attempt to change those background assumptions so that people will begin to make better choices because they will realize that welfare is not going to be there to sustain them indefinitely.

Mr. KOPETSKI. So—my goodness. This is déjà vu all over again. I will ask a question that I asked at the last hearing. Do you think that two people, poor folks, when they are about ready to hop in the sack, the thoughts on their mind is a welfare payment?

Mr. KAUS. No. But I think if there were no welfare payment, they would think twice before hopping in the sack without contraceptives.

Mr. KOPETSKI. You do believe that?

Mr. KAUS. Yes.

Chairman FORD. Mr. Greenberg.

Mr. GREENBERG. Looking at the welfare system, it is first crucial to realize that the discussion involves more than just out-of-wedlock births. In the statistics that were just discussed, roughly half of the families involve out-of-wedlock birth. But the other half do not.

In addition, a problem which has not gotten a lot of discussion lately is that we continue to have a system which discriminates against two-parent families, that denies assistance in a whole set of circumstances to families simply because there are two parents present. The demographics of the welfare system would look somewhat different if we had a system which did not impose this discrimination against two-parent families.

Chairman FORD. Let me ask you, the other witness here, do you support the payments of AFDC to two-parent families?

Mr. HOROWITZ. No, I do not.

Chairman FORD. But you just indicated about illegitimacy.

Mr. HOROWITZ. Mr. Chairman, my view is that there is not an entitlement to welfare, that we rescue people by keeping people out of it. By and large we should provide a safety net through the welfare system. And the idea of AFDC, I think it ought to be restricted, the AFDC programs, by and large, to—as Frances Perkins would have put it, to deserving mothers who, through no fault of their own, found themselves in situations where they could not support their children.

Chairman FORD. Mr. Greenberg, you are recognized now.

Mr. HOROWITZ. Obviously it——

Chairman FORD. Mr. Greenberg, you are recognized.

Mr. HOROWITZ [continuing]. It is soft at the margins, but that is sort of not a hallmark but what the program ought to be. It seems to me to make sense.

Chairman FORD. Mr. Greenberg, you are recognized.

Mr. GREENBERG. Also, it is puzzling, and in some senses baffling, how this very sharp distinction is drawn between out-of-wedlock birth and divorce. In the current discussion, there seems to be a willingness to draw a line or says those who are divorced are the deserving, those who have children out of wedlock are not.

There is no firm, bright line between them. It is very hard to see how one would draw a distinction between an individual who gets into a marriage and realizes that it is a bad marriage and the individual who realized it before getting into the marriage. The notion that we can make social policy that draws this fundamental line between single parents is, I think, very questionable.

The third point that I wish to make is that, as we think about the role of the welfare system and its relation to out-of-wedlock birth, as has already been suggested, the vast bulk of the research that is out there strongly suggests that the welfare system is not the primary factor driving out-of-wedlock birth.

There are disputes in studies as to whether there is a statistically significant linkage or not, but the overwhelming consensus among researchers is that the welfare system is not the principal factor driving out-of-wedlock birth in society. It is a historical trend. It is a trend affecting other countries. It is a trend affecting other educational groups and other income classes.

And so when we think about what needs to happen, we need to recognize that, like it or not, the trend toward single-parent families is a part of 20th century life. As we think about the role of public policy around that trend, one approach that we can take, as is being suggested by some people, is to deny any help to the unwed parent and find out what happens. Maybe, if we deny any help at all, then maybe there will be a disaster for a generation, but maybe things will turn around. Let's just take a chance and let's find out.

Another approach is to say the role of government is to say we will help you; in return, we expect that if you are able to enter the work force, you should do so. We will do the kinds of things that make it possible for you to sustain yourself in the work force, to make child care available, to make health care available, to ensure that child support is available, to make it possible in order to support a family.

Ultimately, government cannot require parents to live together, but government can expect them to act to support their families and to provide the assistance that is necessary to make it possible.

Finally, the real challenge in a world where there are an increasing number of single-parent families, is to find ways to ensure good outcomes for children, whether their parents are in two-parent families or single-parent families. The notion of saying let us just end all aid and see what happens is one that would confine us to, at very minimum, a generation of disaster and potentially untold harm beyond that.

Chairman FORD. Mr. Greenberg, what is a Center for Law and Social Policy?

Mr. GREENBERG. We are a nonprofit organization that addresses a range of issues affecting low-income families. We engage in policy analysis, in looking at laws, and looking at what States are doing and looking at available research.

Chairman FORD. How long have you been in existence?

Mr. GREENBERG. The organization itself has been in existence for a little more than 25 years.

Chairman FORD. About how many consultants or professionals like you are there with the Institute?

Mr. GREENBERG. Our total staff is, I believe, about 14 or 15. I would have to count.

Chairman FORD. Fourteen or fifteen? Your organization is under 501(c)(3); is that correct?

Mr. GREENBERG. That is correct.

Chairman FORD. Is that true of your organization? What is the Manhattan Institute?

Mr. HOROWITZ. It is the same. It is, as in the jargon, a think tank, Mr. Chairman.

Chairman FORD. You are a senior fellow there?

Mr. HOROWITZ. Yes.

Chairman FORD. Charles Murray was a senior fellow?

Mr. HOROWITZ. He was.

Chairman FORD. He was. And about how many professionals or——

Mr. HOROWITZ. At this point, probably not more than five or six.

Chairman FORD. Five or six. And your organization is a 501(c)(3) as well, sir, right?

Mr. HOROWITZ. Yes, sir. It is between New York and Washington offices, as well.

Chairman FORD. The New Republic is not a 501(c)(3).

Mr. KAUS. No. We are a profitmaking but not necessarily profitmaking organization.

Chairman FORD. And I just wanted, just for the record, for that to be there.

Mr. KAUS. Mr. Chairman——

Chairman FORD. I will yield to each one for 30 seconds and give you the closing.

Mr. KAUS. Mark is right that the Clinton plan is an untested plan. However, it is a reasonably balanced plan and it has a long phasein, so there is plenty of time to make adjustments if things seem to be going one way or the other.

Mark's alternative, which is to support the current JOBS program, has been proven to be not up to the job. Charles Murray talks about his law of 6 percent, which is all welfare experiments that work improve things by only 6 percent. JOBS is a perfect example.

The MDRC studies show it is effective, it is cost effective, it helps people. But, it reduces the welfare rolls by something in the single digits. It is not enough to break the culture of poverty, which the President I think rightly said should be the goal of welfare reform. So to put our eggs in the JOBS basket is traveling down a road that has proven to be inadequate.

Chairman FORD. What are you saying? I am missing something.

Mr. KAUS. I am saying——

Chairman FORD. It is untested, the administration's proposal.

Mr. KAUS. Right.

Chairman FORD. And where do we go from there, then?

Mr. KAUS. Social Security was untested, too.

Chairman FORD. I have no problem——

Mr. KAUS. That is what happens when you make large reforms in government.

Chairman FORD. Right. But you are focusing only on a certain percentage of the welfare population. The administration is taking those mothers who were born after 1970 or 1971 and placing the major focus, if not all of the focus, right into this category. Should we do that? Are you suggesting that we are not sure?

Mr. KAUS. I think the Clinton approach is a reasonable approach. Focus on the next generation. If you want to change the culture of dependence, the next generation is the logical place to focus. Plus, the studies have shown that recipients who go on welfare as young mothers are most likely—Wendell can correct me if I am wrong—most likely to wind up long-term dependents.

That is another reason to focus on that population. And this isn't going to be imposed nationwide tomorrow. Some States are going to do it first. You know, one can look to the experience of those States and make adjustments if necessary—Wendell can again correct me if I am wrong on that—rather than saying no, we are not going to do that, we are going to try the 1988 Family Support Act approach, which we know makes some difference but not enough of a difference to do what we need welfare reform to do, which is to stop the growth of ghetto poverty which is ripping the country apart. I mean, it is a big issue.

Chairman FORD. One of the problems—and I live in one of those areas in Memphis. When you see the high population areas in any given city, you don't find small businesses. You don't find communities with any economic growth. You don't find strength in these communities. And all of the training and the programs, whether it be foster care, taking kids away from their young mothers or whatever, I mean, despair, deteriorating communities, I mean, we are talking about a population, through no fault of their own, where they are trapped into these vicious cycles.

And we keep talking about how we want to reform the welfare system but a lot of people are trapped into this thing and they can't get out of it. There are no job opportunities that they are afforded

or given an opportunity in their community, like other communities would have it.

And I have seen a youth program for welfare mothers, kids, and I really don't find anything wrong with these kids. These kids seem to be very bright. These kids seem to want a bright future. These kids know that they are a part of the welfare population. But they happen to be kids and they want out of this.

They don't know how to get out of it because their mothers, in many cases, have either graduated from high school through some training program that has already been offered, but it is difficult with no transportation to travel 5 miles from the home. With no basic necessities in the house, it is difficult for one to be prepared to get up and leave the house, even if they could get their mother or their sister or someone else to keep the kids.

And when they knock on the door in the suburban areas for a job in a small business, they are knocked out because they are identified with the welfare population. I don't see how the administration's bill really addresses or clears that problem up. The community work program is surely not going to be a program that, in my city, is going to send 10,000 people to work in municipal and county governments or State governments or any other social agency in the city to work out their benefits without having people who will have to supervise and manage cases.

I am convinced in conducting a profile in two of the largest housing projects in my area over the past 9 months, that welfare recipients want to work. I don't find what I hear some of these think tanks and groups are saying before this committee to be true.

I know we bring witnesses before this committee and many of you have visited areas throughout the country, probably. But I don't find that to be true. I mean, I don't find it to be true with the children, nor do I find it to be true with the mothers. In the profile that we conducted on 1,800 welfare mothers, we found that these women want to work. They certainly would jump tomorrow for a job.

It is difficult to go and find a $5-an-hour job with no health care benefits and certainly no transportation to get to and from the job only because small businesses have left these areas, not only in Memphis, but all over the country. If the administration's bill is passed, if this passes the House and the Senate and is signed into law, we are still overlooking an urban problem that exists as it relates to the work force itself.

If there were jobs in these communities where the welfare population is living, these welfare mothers no doubt would be working without any help from this committee or this administration or anyone else.

I don't think we should create another bureaucracy or layer of bureaucracy in saying to the private sector that we are going to continue to give you tax incentives to hire the welfare population. I think we must do something better than that. We have to address what some of those needs are in the areas that would in fact employ people in their own communities. And without addressing that, we are going to continue to leave the inner cities and urban areas in a deteriorating state.

With that, I would like to just close out. I would like to thank the panelists for coming out today and appearing before the committee.

The second panel will be Deborah Lewis, a legislative counsel for the American Civil Liberties Union; Clifford M. Johnson, director of programs and policy for the Children's Defense Fund; Jennifer A. Vasiloff, executive director of the Coalition on Human Needs; Linda Locke, director of public policy for the Community Coordinated Child Care, Louisville, Ky.

Let me welcome each panelist before the subcommittee today. Thank you very much for the wait. I apologize for not getting started on time earlier.

Ms. Lewis, you are recognized.

STATEMENT OF DEBORAH LEWIS, LEGISLATIVE COUNSEL, AMERICAN CIVIL LIBERTIES UNION

Ms. LEWIS. Thank you. On behalf of the American Civil Liberties Union, I would like to thank the committee for the opportunity to testify today. We ask the committee and other Members of Congress to remember that welfare reform, like any large-scale legal reform of a major institution, involves constitutional principles.

While there is no constitutional right to receive welfare, once the government does decide to create a system of benefits, there are constitutional limits to how those benefits can be administered. In my written testimony that I have submitted, I have addressed half a dozen civil liberties concerns raised by the President's proposal as well as the other welfare reform bills.

Chairman FORD. Your full text, along with the others, will be made a part of the record and you may summarize.

Ms. LEWIS. I would like to focus my brief remarks on one issue that is of particular concern to the ACLU and that is the child exclusion or the family cap.

You have heard and you will continue to hear about the hardship that would be caused by eliminating benefits for children born while their parents are receiving welfare. The costs of such an approach would include the effects of pushing families that are barely making it into further stress, increasing childhood malnourishment, homelessness and family deterioration. We believe that there are other costs to this policy as well, costs to our constitutional principles.

The purpose of the child exclusion is to coerce women, through the threat of eliminating critical subsistence benefits, into not having children. The ACLU believes that this violates the right to privacy in the same manner that restrictions on abortion or the right to use birth control violate the right to privacy. Having a child is a personal decision that the State should not be involved in.

We have been working in an unusual coalition with prochoice and prolife organizations who disagree on the legality of abortion but agree on this one issue: That the government should not be coercing women into having abortions. Our opposition to the child exclusion is our common ground. We agree for the first time on any issue involving reproductive decisions that, whether you are prochoice or prolife, you should have concerns about this policy.

The child exclusion punishes children for the decisions of their parents, decisions that the children have no control over. The Supreme Court has said that such practices violate the constitutional guarantee of equal protection.

Twenty-five years ago, the Supreme Court faced this issue in the context of laws that treated what has been called illegitimate children differently than other children. The court struck down laws that said that children born out of wedlock could not recover in a parent's wrongful death case or in a Workman's Comp. case.

Essentially, the Supreme Court said that all children are legitimate, at least in the eyes of the law.

Mr. KOPETSKI. Thank God. That is a good start.

Ms. LEWIS. We often hear that most families——

Mr. KOPETSKI. Go to work on the white males.

Ms. LEWIS. We often hear that most families can't ask for a raise when they have another child, but families receiving AFDC get a raise from the government. Actually, all families get money from the government when they have additional children.

For taxpayers, that money comes in the form of the dependent's tax deduction, which in most States is greater and sometimes significantly greater than the amount of the incremental increase that families on AFDC receive when an additional child is born. This means that the child exclusion targets only the poorest, the most vulnerable children for the elimination of government support.

We believe that this violates the equal protection guarantees of the Constitution because it treats these children differently without sufficient basis. In analyzing these and other constitutional issues in the context of welfare reform, it is important to keep in mind the implications of the deprivation of even a small portion of a family's benefits. Such sanctions can have serious and even dire results.

For many families, the level of monthly payments forms the fragile line between subsistence on the one side and homelessness and family disintegration on the other. People should not have to choose between stepping over that line or compromising their constitutional rights.

Thank you. The rest of my concerns are in my written testimony.

[The prepared statement follows:]

STATEMENT OF DEBORAH LEWIS
AMERICAN CIVIL LIBERTIES UNION

Mr. Chairman and Members of the Subcommittee:

On behalf of the American Civil Liberties Union, I thank you for the opportunity to testify before the subcommittee on the civil liberties implications of the Work and Responsibility Act of 1994, H.R. 4605. The ACLU is a non-profit organization of over 275,000 members dedicated to the preservation of individual liberties and constitutional rights. The ACLU's mission is to defend the civil liberties of everyone within the United States, including people living in poverty. Often it is the poorest Americans who are most vulnerable to restrictions of their constitutional rights.

Although the constitution does not guarantee the right to receive welfare, the ACLU believes that some of the provisions of the Work and Responsibility Act implicate constitutional rights. Once the government decides to give welfare benefits -- as the United States did during the New Deal -- there are constitutional limits to the conditions that it can attach to those benefits.[1]

In particular, the ACLU is concerned about the child exclusion proposal, due process protections for welfare recipients and for individuals challenging child support orders, the teen parent residency requirement, punitive paternity establishment requirements, the mandatory work requirement, and the financing of the new programs through the unfair targeting of immigrants.

THE REALITY OF LIFE ON WELFARE

Discriminatory treatment and other unconstitutional government policies often arise out of stereotypes and erroneous information. Particularly in the context of the ambitious attempt at social changes in the welfare reform bill, it is important to base legal reform on the facts.

Welfare is an umbrella term for a variety of programs providing income support and creating a social safety net for impoverished individuals and families. The program affected most by H.R. 4605 is Aid to Families with Dependent Children (AFDC), a program that enables states to provide cash subsistence payments to children who are deprived of a parent's care or support.

As a result of structural changes in the American economy, the number of individuals receiving welfare benefits has increased in recent years. The majority of these individuals are children and single mothers.

Life on welfare is an extremely difficult existence. The combined benefits available to families from AFDC and food stamps are below the poverty line in all 50 states and the District of Columbia. In 41 of these jurisdictions, the benefits are below 75% of the poverty line, or less than $8700 a year for a family of three.[2]

It is important to keep these benefit levels in mind in analyzing the constitutional implications of the deprivation of even a small portion of a family's monthly AFDC payment. For many families, the level of monthly payments forms the fragile line between subsistence on the one side and homelessness and family deterioration on the other.

---

[1] See, Kathleen M. Sullivan, Unconstitutional Conditions, 102 Harv. L. Rev. 1413 (1989).

[2] Center on Social Welfare Policy and Law, Living at the Bottom: An Analysis of AFDC Benefit Levels, (July, 1993).

THE CHILD EXCLUSION

Currently, a family's AFDC benefits level is calculated on a per capita basis, so that payments increase with the birth of an additional child -- just a middle class family's dependent tax deduction increases with the birth of an additional child. The child exclusion proposal in the Work and Responsibility Act gives states the option of eliminating the incremental increase in benefits if a child is born while his or her parent is receiving benefits, thereby depriving that child of the welfare safety net and depriving the entire family of assistance needed to pay rent and other household expenses.

We believe that the child exclusion violates two constitutional principles. First, the policy violates the right to privacy, in particular women's reproductive rights, in the same manner that anti-abortion laws and restrictions on birth control violate these rights. The purported goal of the child exclusion, is to coerce women receiving welfare into not having children through the threat of eliminating critical subsistence benefits.

The ACLU has long believed that the decision to have children or not to have children is an intimate, purely personal decision that belongs to the individual woman. The constitutional right to privacy with respect to reproductive decisions was announced by the Supreme Court in 1965 in Griswold v. Connecticut when the Supreme Court held that the government cannot prohibit married couples from practicing birth control.[3] It was reaffirmed in 1973 in Roe v. Wade, when the Supreme Court held that women have the right to terminate their pregnancies.[4] Just as the government cannot prohibit a woman from practicing birth control or having an abortion, the government cannot coerce these practices through the threat of termination of necessary subsistence benefits.

The second constitutional principle implicated by the child exclusion is the guarantee of equal protection. If the government is going to deny benefits to one group of people while allowing benefits to others who are similarly situated, the Equal Protection Clause of the Constitution requires the government to have a very strong reason for distinguishing between the two groups.

The child exclusion makes several distinctions that violate this principle. The policy treats children born while their parents are receiving welfare differently than children born prior to the time their parents receive welfare. In addition, the policy treats children born while their parents are receiving benefits differently than children of taxpayers who receive a subsidy from the government in the form of the dependent's tax deduction. In most states this tax deduction results in greater "payment" than the amount of money eliminated through the child exclusion. Essentially, the federal and state governments pay both families on welfare and families paying taxes an amount of money based upon the number of children in the family. The child exclusion targets America's most vulnerable children to be the only ones excluded from this government policy.

The Supreme Court has articulated different levels of scrutiny for evaluating equal protection claims. We believe that the possible rationales for implementing a child exclusion -- limiting the birthrates of families receiving welfare or saving money -- do not meet even the lowest, rational basis, standard of scrutiny much less the highest, strict level of scrutiny, that is appropriate for this type of analysis.

---

[3] 381 U.S. 479.

[4] 410 U.S. 113.

Some supporters of the children exclusion promote the policy as a way to deter out-of-wedlock births, even though the policy would also apply to the children of married couples born while their family is receiving benefits. Other proponents of the child exclusion argue that it will lead to lower birthrates among families receiving AFDC. The social science evidence, however, does not support this argument. Studies by nonpartisan organizations such as Child Trends and the Urban Institute have shown that lowering the level of welfare benefits will not lower the birthrate of families receiving AFDC. These studies confirm the conclusions of studies by the architects of the Clinton Administration welfare reform proposal, David Ellwood and Mary Jo Bane.

Other proponents of the child exclusion believe that it will save the taxpayers money. In looking at the costs and savings involved in implementing the child exclusion, it is important to consider the long-term effects of limiting subsistence benefits, and particularly the effects of malnourishment on very young children. Any short term savings created by eliminating children from the welfare safety net is likely to be offset by far larger long term expenses for special education, health care, homelessness shelters and the criminal justice system as a result of limiting support for the very young.

Ultimately, the possible rationale for implementing a child exclusion, whether it is to save money or to limit birthrates, cannot withstand equal protection scrutiny for the costs it inflicts.

The Equal Protection Clause also guarantees that the government will not punish children because of the decisions of their parents, decisions the children cannot control. In 1982, in the case of Plyler v. Doe, the United States Supreme Court struck down a Texas law that prevented the children of undocumented aliens from attending school on the grounds that the law impermissibly punished children for the conduct of their parents.[5] The child exclusion has the same impermissible effect.

Ironically in the context of the current debate, the principle that it is impermissible to punish children for the conduct of their parents was articulated over 25 years ago by the United States Supreme Court in cases striking down the legal category of illegitimate children. In 1968, the Supreme Court struck down provisions of the Louisiana wrongful death statute that excluded illegitimate children from the class of children entitled to recover for a parent's death.[6] The Court observed that "The rights asserted here involve the intimate, familial relationship between a child and his own mother. . . . Why should the illegitimate child . . . be denied correlative rights which other citizens enjoy?[7] Similarly, the Supreme Court held that a state may not deprive illegitimate children of recovery for the death of their father under the state's workmen's compensation law.[8] We urge Congress to be mindful of these Supreme Court cases in evaluating the effect of the child exclusion.

---

[5] 457 U.S. 202, 220.

[6] 391 U.S. 68.

[7] Id.

[8] Weber v. Aetna Casualty & Surety Co., 406 U.S. 164 (1972).

DUE PROCESS PROTECTIONS

For the past generation, since the landmark United States Supreme Court opinion in Goldberg v. Kelly[9], it has been recognized that welfare recipients have a property interest in the continuation of benefits that cannot be terminated without due process. In order to comply with the due process protections of the Constitution, a hearing on continuation or termination of benefits must include: advance notice, an opportunity to be heard, the right to cross-examine adverse witnesses, the right to be represented by counsel and the right to have a statement of reasons for the decisionmakers' determination. It is also necessary to allow for judicial review of termination decisions so that the initial hearing does not become the forum of last resort. Currently, all states provide for a hearing process before an AFDC grant is suspended, reduced, discontinued or terminated.

Any system that allows some people benefits that are necessary for the sustenance of life while excluding others is only as fair as the system by which those decisions are made. The Work and Responsibility Act weakens current due process protections in several areas.

Conciliation in the JOBS Program. Under the current JOBS program, each state must have a conciliation procedure to resolve disputes about program participation. The theory behind conciliation is to create a process to resolve differences between a participant in the JOBS program and the agency and to remove barriers to full participation in the program while enforcing the program's rules. In practice, conciliation is not defined in either federal statute or regulation so that the process varies from state to state. H.R. 4605 allows states to replace the conciliation process with "a procedure that includes advance notice to the individual of an apparent failure to comply with a program requirement, and 10 days to contact and meet with a State agency representative in order to resolve the dispute (or to comply with the requirement) and make unnecessary the imposition of a sanction."[10]

This alternative provision weakens the due process protections of the original conciliation process. Rather than requiring the JOBS participant and the agency to work together to maintain participation in the program and compliance with the program's rules, the bill shifts the emphasis to sanctions and weeding people out of the program.

The ACLU urges Congress to omit this alternative process to the conciliation process. A much more appropriate approach would be to require the Department of Health and Human Services to articulate national standards for conciliation, or for Congress to articulate such standards, so that the focus is on keeping participants within the program.

Disputes Concerning Employability Plans. An important element of the welfare reform bill is the concept of the employability plan. The employability plan is a specific program agreed to by the agency and the participant in the JOBS program for entry into the workforce, including educational and childcare needs and a time frame, taking into account the individual skills and needs of the participant. The bill correctly recognizes that there may be disputes between the participant and the agency over the employability plan. For example, the participant may feel she needs to go to school to learn certain skills before entering the workforce while the agency may conclude that the participant is

---

[9] 397 U.S. 254.

[10] Title I, section 103(h).

ready to begin a job search. What is missing from the bill is a strong system for resolving such disputes.

The bill provides for negotiation of disputes over employability plans between the participant and a supervisor within the state agency. If that does not result in an agreement, the agency is required to give the participant access to "arbitration or a mediation process, to a more formal review or hearing, or to a combination of such processes."[11]

Mediation will not protect the rights of participants in the JOBS program. Mediation does not involve a neutral, decisionmaker but rather relies upon the parties of a dispute negotiating a result. Clearly, if the initial negotiation over an employability plan dispute does not result in an agreement, mediation will not succeed. Program participants cannot negotiate with state agencies on an equal footing because the agency holds the power to sanction. It is critical that disputes over employability plans be resolved through a hearing process with a neutral examiner.

Deferral Caps. H.R. 4605 replaces the current concept of good cause exemptions from the JOBS program with the concept of deferrals. Deferrals are allowed for parents of infants, individuals who are ill, incapacitated or elderly, needed in the home to care for an ill or incapacitated family member, in the late stages of pregnancy and individuals who would have to commute more than two hours to participate in the program. In addition, states are allowed to defer other individuals for good cause. An example of such a good cause deferral would be for an illness that does not fall within current law.

The problem is that each state cannot grant this last type of catch-all good cause deferrals to more than 5% of its JOBS participants. This means that one participant may receive a deferral and another with an equally compelling reason may not simply because she is over the state's limit for deferrals. The participant who is denied a deferral because she is over the state's limit is not entitled to any due process protections or recourse. In this manner, the policy of capping each state's good cause deferrals denies due process protections for participants because of the arbitrariness of random timing.

Child Support. There is a growing consensus that noncustodial parents must fulfill their responsibilities for the support of their children. As a result, H.R. 4605 contains a tough child support enforcement provision. The bill also requires due process protections for individuals who wish to contest an enforcement process. Unfortunately, those protections are not sufficient.

The bill requires states to give individuals "access to a fair hearing or other formal complaint procedure." The problem is allowing for a procedure other than a hearing. This could allow states to simply tell individuals that they have a right to contest a child support plan in writing, but not allow them to bring their complaints to a neutral decisionmaker in person.

It is particularly important in the emotionally charged context of child support disputes that there be a fair process for resolving these disputes. The ACLU urges Congress to require states to make a formal hearing process available to individuals contesting child support plans.

TEENAGE RESIDENCY REQUIREMENTS

Currently, states have the option of requiring parents under

---

[11] Title I, section 102(a)(3)(B).

the age of 18 to live with their parents. H.R. 4605 turns this state option into a mandate. Most teenage mothers do choose to live with their parents and are welcomed in their parents' homes. The ACLU believes, however, that coercing a teen parent to live with people she may not choose to be a part of her family is a civil liberties violation.

The idea of requiring teen parents to live with their parents is particularly troubling given the disproportionate number of teen mothers who have been abused by family members. Of women who had become pregnant during adolescence interviewed for a study done by the U.S. Department of Health and Human Services, 66% reported they had been sexually abused, with 54% of those who reported being molested saying they had been victimized by a family member.[12] The Clinton administration welfare reform bill does allow for good cause exceptions to the teen residency requirements. However, the bill does not contain protections for teen parents who are denied such an exception.

Requiring teen parents to live with an adult may be a back door method of excluding teen parents from receiving benefits altogether. If the state counts the teenagers' parents' income in assessing eligibility, even if the money is not actually available to the child, that teenager may not qualify for much needed benefits. These deeming practices raise due process concerns because they arbitrarily deny benefits to impoverished individuals in need of assistance. H.R. 4605 gives states the option of improving these deeming procedures. This provision does not go far enough. The bill should be amended to eliminate these unfair deeming practices.

PATERNITY ESTABLISHMENT

H.R. 4605 increases the sanctions on families in which the mother does not "cooperate" with the state in establishing the identity of the fathers of their children for purposes of obtaining child support. The bill allows for good cause exceptions to this requirement. The threat of cutting off subsistence benefits if a mother does not reveal intimate information raises due process and privacy concerns.

Most woman freely cooperate in the establishment of the paternity of their child. For these women, it is in their interests and the interests of their children to provide this basis for obtaining child support. Problems arise in two situations. First, there are women who choose not to give the state the name of the father of their child because they fear abuse and retribution. Second, there are women who cannot name the father of their child.

We recognize that current law requires maternal cooperation in the establishment of paternity. It is critical that the definition of cooperation and the criteria for good cause exceptions allow for situations in which the mother fears abuse or retribution or cannot name the father of her child. These definitions and criteria should be clearly stated in the bill.

The specter of decreasing a family's benefits because the mother cannot or will not name the father of her children raises concerns about punishing the children for the decisions of their parents discussed earlier in this testimony. While the bill does state that these decisions will be made with the best interests of the children in mind, it is difficult to see how decreasing the

---

[12] Debra Boyer and David Fine, Victimization and Other Risk Factors for Child Maltreatment Among School Age Parents: A Longitudinal Study, National Center on Child Abuse and Neglect, Administration for Children and Families, No. 90-CA-1375.

benefits of the family because of the conduct, choices or situation of the mother can ever be in the best interests of the children.

MANDATORY WORK REQUIREMENT

Under the WORK program created in H.R. 4605, eligible individuals must participate in the program after receiving benefits for two years. The bill calls for the imposition of sanctions involving the reduction of benefits for WORK participants who turn down an offer of employment, voluntarily leave a job without good cause, or are discharged from a WORK position. This system creates the possibility of an involuntary work force that is particularly vulnerable to workplace abuses, such as sexual harassment.

An employer who knows that his or her employee cannot quit may have more room to impose unfair working conditions or to harass a worker. Participants in the program will have to consider the risk of losing critical benefits if they even speak up about unfair working conditions. Thus, even though the bill contains a good cause exception, the mere presence of the harsh sanction and the lack of definition of "good cause" may have a chilling effect on the ability of WORK participants to speak up about abusive work situations.

Most employees outside of the WORK program do not have such constraints. They have more legal support to seek redress for unfair or abusive working conditions. If they lose their job because of speaking up, or if they refuse to take a job because they fear it will be an abusive workplace, they are eligible for unemployment insurance. Participants in the WORK program cannot receive unemployment insurance.

The ACLU objects to employment requirements that create a system of second class, involuntary workers. If this is to be a system of real work, and not workfare, it is imperative that participants in the WORK program have the same job protections as other workers.

THE TARGETING OF IMMIGRANTS

Under current law, undocumented immigrants cannot receive the vast majority of welfare benefits. Immigrants who have not violated the law in entering the United States are effectively precluded from receiving benefits their first few years in the United States because the law deems their sponsor's income to be available to them. H.R. 4605 proposes to extend that deeming requirement from three to five years, and to extend it permanently in families in which the sponsor's income is over the median national income.

In this manner, the benefits of immigrants have been targeted as a means to finance welfare reform. Even if the immigrant has been in this country, working and paying taxes for years, and even if that immigrant's sponsor will not support him or her, H.R. 4605 proposes to eliminate that person's benefits.

Targeting immigrants as a class for exclusion raises equal protection concerns because it serves no positive public policy goal. Since these immigrants come to the United States in full compliance with, and often with strong encouragement of, the law, excluding them will not curb illegal immigration. The only immigrants group that receives benefits at a higher rate than citizens is refugees, who flee war and oppression. Non-refugee immigrants receive welfare at lower rates than citizens. Since these immigrants are not disproportionately receiving welfare, it

is unfair to target them for cuts.

In 1976 the United States Supreme Court ruled in Mathews v. Diaz that the federal government could deny benefits for lawful residents for their first few years in the United States because of Congress' role in controlling the borders.[13] The ACLU believes that this practice of excluding immigrants violates their constitutional right to equal protection of the law. Congress has an independent obligation to interpret the constitution and the authority to change this discriminatory practice. At the very least, Congress should not extend the period of discrimination further.

Immigrants pay taxes like everyone else. They also receive benefits for the same reasons that everyone else receives benefits: loss of jobs, illness, disability, divorce or other changes in life circumstances. We urge Congress to treat immigrants like others who receive benefits.

CONCLUSION

The ACLU favors welfare reform that advances and respects the civil liberties and civil rights of poor people -- among our nation's most vulnerable members. We caution Congress that there are constitutional limits to what the government can do to the poor in the name of reform. We believe that H.R. 4605, as it is currently drafted, crosses some of those limits. We would be glad to work with this Subcommittee and other members of Congress further to articulate meaningful welfare reform within the bounds of the constitution.

---

[13] 426 U.S. 67.

Chairman FORD. Thank you.
Mr. Johnson.

STATEMENT OF CLIFFORD M. JOHNSON, DIRECTOR, PROGRAMS AND POLICY, CHILDREN'S DEFENSE FUND

Mr. JOHNSON. Good afternoon.

CDF appreciates this opportunity to testify before you today on key welfare reform issues, including proposals to limit the time poor children and their parents can rely on AFDC for basic income support. We continue to hope that the current welfare reform debate will bring the Nation a step closer to ending child poverty in America.

To realize this potential, we must ensure that changes in our Nation's welfare system reflect our most basic values, the importance of work, the responsibility of parents to care and provide for their children, the nurturing of hope for a better life among children and parents alike, and compassion and a helping hand to those who face personal crisis or insurmountable barriers to employment.

My written testimony touches on many of the ways in which these values can and should be incorporated into our welfare reform efforts, but at the risk of repeating your eloquent closing remarks to the last panel, Mr. Chairman, I want to take a few minutes now to draw your attention in particular to the first of these values, the importance of work, the threat to the central value posed by persistent job shortages in poor urban and rural areas across this Nation, job shortages that proposed time limits ignore, and job shortages that now force millions of poor children and parents to live on the inadequate incomes that AFDC in virtually every State now provides.

Lack of stable jobs is the main reason why poor parents are forced to turn to AFDC for help. Even amidst the current economic recovery, nearly 8 million Americans are looking for work, but unable to find jobs. Even though levels of joblessness are unlikely to decline in the foreseeable future, the Federal Reserve has made clear that it will fight renewed inflation and is likely to intervene by raising interest rates if unemployment falls significantly in the coming year.

In this "anything but full employment economy," it is hardly surprising that mothers raising children on their own find themselves at the end of the job queue. As a rule, they are likely to have limited job skills, little prior work experience and pressing child care and health care needs, all of which put them at a competitive disadvantage in the labor market.

Yet, today's welfare reform debate ignores this realization and threatens to set up a perverse game of musical chairs to force parents to find seats in the labor market when there clearly are too few chairs to go around. Some welfare strategies can increase the number of poor parents who find seats.

For example, education and training programs can prepare parents for jobs that otherwise might go unfilled. As Linda will tell you, child care assistance, along with secure health insurance, can enable parents to hold on to jobs once they find them.

Other steps to make work pay, such as improvements in advanced payment of the earned income tax credit and improvements

in the AFDC earned income disregard and various child care support initiatives can help parents find combinations of work and welfare that allow them to support their children, and real job creation strategies can provide work for parents who are shut out of the job market adding badly needed chairs to the circle.

In contrast, proposed time limits would do nothing to alter the fundamental mismatch between jobs and job seekers. Regardless of how quickly and furiously parents lunge for available seats under the threat of time limits, those same numbers will be left standing when the music stops, and in those circumstances, particularly if the time limits are followed by a cutoff of AFDC, the results for children can be devastating.

It is in this sense that time limits in AFDC are a waste of resources, a threat to children, and a diversion from the true challenges of welfare reform. If we were to marshal the resources to remove barriers that now keep so many people on AFDC and out of the work force, we would discover that time limits are largely unnecessary.

The great majority of parents on AFDC want to work. Most cycle on and off the rolls with surprising frequency, but without adequate numbers of private or public jobs at family sustaining wages, not discredited workfare programs, including those similar to the ones proposed by the administration, but real jobs, we cannot hope to succeed.

Let me take a moment to dispel any impression that may be left by the prior panel that jobs don't matter. In Massachusetts, the presentation that Mickey Kaus just gave overlooked the fact that the strong economy made an enormous difference even for long-term poor families.

The number of women on welfare for 5 years or more dropped by 40 percent during that period. Even the data Kaus himself presented on young black men showed that the percentage not in the labor force fell by one-fourth in 3 years, a remarkable decline in light of the concentration and strength in general of the high-tech sectors which drove the improvements in the Northeast but offers few jobs for young men without a college education and remarkable in light of continued discrimination against blacks.

It would be remarkable if the effects of decades of racism and hopelessness were obliterated by just a few years of low unemployment. In the seventies when we guaranteed jobs to young people in poor communities, we found out that the impact of job availability on work behavior is enormous.

In that period, we completely wiped out differences in employment rates between black and white young people by making jobs available to all who sought them. There is no question that the availability of jobs also goes to the heart of the issue of marriage and out-of-wedlock childbearing.

Benjamin Franklin said more than two centuries ago that the likelihood of marriage is directly related to a young man's capacity to support a family. If you look at the data today, you will find the same thing. Even today, the likelihood of young men being married in their twenties is directly related to their ability to earn enough to support at least a small three-person family.

We heard repeatedly in the prior panel that young Americans should not bear children until they are able to support their children, the premise of the statement hinging on the word "until" is that if young Americans simply wait a bit, they will somehow be able to bring their earnings and childbearing patterns in sync.

This image completely contradicts the realities of life for millions, literally millions of poor and minority Americans. The employment and earnings prospects for large numbers of young people, particularly in minority communities, are so bleak that the admonition, wait until, backs an exhortation to abandon all of the hopes and dreams of having and raising children that most of us cherish and hold dear. And then we wonder why young people are "irresponsible." We wonder why they don't wait.

We simply will not change this pattern until there is a greater measure of hope in our poor and minority communities to pull young people out of that cycle.

In closing, let me emphasize that there is much we can do, even in a time of sharply limited resources, to improve the welfare system. CDF believes that the legislation introduced by Congressman Matsui offers a strong foundation for progress.

We look forward to working with you, Mr. Chairman, and with the subcommittee to build upon this foundation and to craft an effective welfare reform plan that substantially reduces child and family poverty in the nineties.

Thank you. I look forward to any questions you may have.

[The prepared statement follows:]

TESTIMONY OF CLIFFORD M. JOHNSON
CHILDREN'S DEFENSE FUND

The Children's Defense Fund, a privately funded research and advocacy organization dedicated to providing a strong and effective voice for children, especially poor and minority children and their families, would like to express our great hope that reforming our welfare system will bring the nation a step closer to ending child poverty in America. We can do enormous good for poor children, families, and the nation through welfare reform. To realize this potential, however, we must begin to tackle the root causes of child and family poverty in America and do our utmost to see that the resources committed to welfare reform are commensurate with the plan's scope and scale.

We should not fail to use this opportunity to correct what is wrong in the current welfare system. But remedies will remain elusive unless and until we focus on the realities of life for poor children and families in America and address the real barriers that force so many to rely upon AFDC for basic income support. We must recognize that most families do not have long continuous stays on AFDC. Only 7 percent of AFDC families enter a continuous spell of eight years or more and 70 percent leave the rolls within two years. But it is equally true that about three-quarters of these families will return to welfare within five years. Real welfare reform must address the reasons why they return, including their inability to maintain child care or health coverage and their reliance upon unstable employment in short-term or part-time jobs.

Elements of the current welfare system that discourage work and marriage should be changed to reward work effort and strengthen families. Messages of parental responsibility should be strengthened, especially to those absent parents who are not contributing to their children's support. Barriers to secure employment at family-sustaining wages -- ranging from inadequate child care, education, and training services to chronic job shortages in many communities -- should be substantially reduced, if not overcome. This effort to reform our nation's welfare system should reflect our most basic values: the importance of work; the responsibility of parents to care and provide for their children; the nurturing of hope for a better life among children and parents alike; and compassion and a helping hand to those who face personal crises or insurmountable barriers to employment.

Reinvigorated federal leadership and increased investments in a number of key areas are crucial to support the work efforts of parents receiving AFDC and to fulfill the promise of the President's welfare reform pledge. We believe Congress must address the following issues to ensure that welfare reform translates into tangible gains for poor children and families:

Time limits -- In the absence of major new investments in job creation and retention, education, job training, and child care, arbitrary time limits simply will push poor children and their families deeper into poverty. AFDC children and their parents live in deep poverty in virtually every state. For this reason alone, federal and state governments should seek to move parents on AFDC into employment at family-sustaining wages as quickly as possible after they enter the welfare system. Yet time limits alone will do nothing to eliminate the barriers to employment that now force far too many children and parents to rely upon the grossly inadequate incomes that AFDC provides.

CDF welcomes this Subcommittee's attention today to the crucial issue of arbitrary time limits on AFDC receipt. As you know, the untested notion of time limits has received extraordinary attention from the media and within the Congress during the past two years. Nonetheless, because the approaches to time limits proposed by the Administration or various members of Congress never have been tested at federal, state, or local levels, a host of questions remain unanswered: Are unsubsidized jobs available in most low-income communities? Do parents receiving AFDC have the

skills to qualify for and retain the jobs that are available? How many public sector jobs would have to be created for parents who reach a time limit to avoid dramatic increases in hunger and homelessness among poor children? And what broader effects would time limits have on children's health and well-being?

It would be profoundly troubling if this Subcommittee and the Congress as a whole were to authorize nationwide imposition of any system of arbitrary time limits in the face of these and many other unanswered questions. Time limits by their nature overlook the enormous diversity of the AFDC population. Many parents who rely on AFDC have substantial education and work experience, needing help only to weather a short-term crisis before returning on their own to the work force. Others with little or no recent work experience and long-term barriers to employment will need assistance for a much longer period in order to secure jobs at family-sustaining wages. The inherent rigidity of the "one-size-fits-all" approach embodied in proposed time limits makes no sense in light of these greatly varied circumstances and needs.

One of the most basic principles of federal welfare policy currently is that poor families deserve help when parents are trying to obtain work but through no fault of their own cannot find jobs. While all time limit proposals pose serious problems, it is important to note that the Administration's approach does preserve this basic principle. We commend the Administration for this decision and vehemently oppose alternative plans that impose an absolute time limit on AFDC recipients and remove the basic safety net for children without regard to the availability of jobs or an alternate means of support.

Job creation -- The focus on work in welfare reform must include major new investments to create real jobs that leave families better off than they were on AFDC. Lack of stable jobs at family-supporting wages is the main reason why millions of poor parents are forced to turn to AFDC for help. Even amidst the current economic recovery, nearly 8 million Americans are actively looking for work but unable to find jobs. Many more have grown too discouraged to continue the search, particularly in the poor urban and rural areas where so many AFDC families live. There is no reason to hope these levels of joblessness will decline substantially in the foreseeable future -- indeed, in its attempts to manage the national economy the federal government already has shifted its attention to fears of renewed inflation and is likely to intervene forcefully by raising interest rates if unemployment falls significantly in the coming year.

As a nation, we cannot hope to reduce reliance upon AFDC without changing these realities and creating new employment opportunities for poor parents who are struggling to provide for their children. The Administration's plan recognizes the shortage of private sector jobs by authorizing creation of public sector work assignments through the WORK program. However, this approach is identical in most respects to discredited "workfare" or Community Work Experience Programs (CWEP) in which AFDC parents are required to work in exchange for their AFDC benefits. Despite the Administration's pledge to "make work pay," parents in the WORK program would be no better off financially (except perhaps in a handful of low-benefit states) than they were on AFDC and may even end up <u>worse</u> off after paying required FICA taxes.

In addition, there is no evidence that CWEP programs enhance employability. Even though they often cost more than education, job search, or skills training, repeated evaluations have found that work experience such as that provided through CWEP by itself does not boost future employment or earnings. Recognizing CWEP's shortcomings in this and other areas, states have exercised their discretion under the current JOBS program and <u>reduced</u> the number of CWEP participants nationwide from 18,000 to 14,000 between 1985 and 1992. Yet the Administration proposes to require <u>all</u> states,

through the WORK program, to implement a very similar program on an unprecedented scale.

CDF believes that any effective welfare reform effort must include major new investments in real job creation. The Matsui bill (The Family Self-Sufficiency Act of 1994, HR 4767) provides one possible structure for creating public sector jobs when private sector employment is not available, allowing states to use a portion of their JOBS funds for this purpose. Parents in public jobs would be allowed to keep a reasonable portion of their earnings (through the AFDC earned income disregards) and would be eligible for the Earned Income Credit (EIC) under the same rules that apply to all other low-income working Americans. Under the Matsui plan, states could require periodic job search activities and create part-time jobs to restrain costs and preserve incentives for participants to seek permanent employment in the private sector.

Numerous other approaches to job creation also can be considered. The bottom line, however, should be a genuine commitment to work that allows AFDC parents to provide more adequately for their children. The Administration's rhetorical commitment to "work for wages," combined with provisions that deprive parents of any financial reward for their labors and leave children as poor as they were previously on AFDC, falls far short of what is needed to reinforce the importance of work in the current welfare system.

Financing -- Proposals to offset the costs of welfare reform by slashing other aid to the poor people are unacceptable. Measures that would eliminate or further restrict basic assistance to large numbers of legal immigrants or curb state efforts to prevent homelessness and fund certain child welfare services through the Emergency Assistance (EA) program are unfair and counterproductive. Similarly, allowing states to impose a child exclusion policy that denies AFDC benefits for children born to families already receiving AFDC will exacerbate the problems facing many poor and vulnerable families. Substantial research refutes the claim that women on welfare have babies in order to get more welfare dollars. Professor Mark Rank's Wisconsin study shows that the childbearing rate for women receiving AFDC is lower (45.8 births per thousand women) than for comparably aged women not receiving AFDC (75.3 per thousand), with this rate decreasing the longer a woman remains on welfare. But other studies indicate that about <u>half</u> of all pregnancies, at any income level, are unplanned. We know that some babies will be born to women on welfare, with or without a child exclusion rule. The only question is whether the children will suffer.

Successful welfare reform cannot come at the expense of basic income supports that enable millions of American children and their families to survive from day to day. A more equitable financing structure reflecting a commitment to help children and families in greatest need is essential.

Child care -- Sufficient funds must be invested in child care for AFDC and working poor families. To protect the health, safety, and development of children while parents work, seek unsubsidized employment, or participate in education and training activities, reliable child care is essential. A survey of Illinois AFDC recipients found that child care problems created major barriers to work and training: 42 percent of those surveyed reported that child care problems kept them from working full time; 39 percent reported that child care problems kept them from going to school. Twenty percent of those surveyed had returned to welfare within the last year in part due to child care problems.

Welfare reform should not sacrifice the well-being of children. We fail any child -- of whatever income level -- when we provide unsafe or poor quality child care. The need for quality

care is especially acute for low-income children, many of whom are more likely than their non-poor peers to be in poor health, to suffer from delays in growth or development, or to have a significant emotional or behavioral problem or a learning disability. Quality child care can help these children arrive at school ready to learn and provide important links to other supports that can help the child thrive.

It is essential that welfare reform help ensure that children are protected; that families are adequately counseled about their child care choices; that the rates for child care and the payment mechanisms used give parents access to safe, high-quality programs for their children; and that funding is set aside to help states improve the quality and availability of care for our poorest children.

We also cannot meet the crucial challenge of welfare prevention unless we make major new investments in child care for working poor families. For these families, help with child care is a lifeline in their efforts to remain in the workforce. Without such help, the cost of care can be prohibitive: while Census Bureau data tell us that non-poor families spend an average of six percent of their income on child care, low-income parents who pay their own child care costs carry a staggering burden, paying roughly a quarter of their income for child care.

Our current child care funding system pits these two very deserving groups -- families struggling to leave the welfare rolls and families struggling to stay in the workforce and avoid the need for welfare -- against each other in a competition for scarce funds. States anxious to get families off the welfare rolls and to maximize federal reimbursements have focused most of their child care dollars on AFDC families in training programs or moving into jobs. Under these circumstances, working poor families often find child care subsidies unavailable. A 1993 50-state CDF survey found that 31 states and the District of Columbia had waiting lists for child care assistance. These waiting lists are formidable. Illinois had 30,000 children waiting for child care. In California, as well as in many areas of Texas, it takes two to three years to reach the top of the waiting list. As one administrator noted, for many families there is no hope of ever getting help.

Without significant new federal child care investments, this competition will be exacerbated under welfare reform, as more welfare families participate in training or employment activities. After they use up the one year of transitional child care available under the Clinton bill (the Work and Responsibility Act of 1994, HR 4605), nothing will have happened to increase their income to the point where they will no longer need a child care subsidy. The Clinton plan's $1.5 billion over five years for At-Risk child care (for working poor families) is vitally important but alone is insufficient to meet the increased demand. New investments are important both for welfare families and for the working poor.

Preserving a safety net -- Poor parents who "play by the rules" and poor children deserve basic income support as long as they are in need. As long as parents who are receiving welfare are willing to work, a public sector job must be provided; if unavailable, the basic AFDC safety net must remain in place. We commend the Administration for preserving this fundamental principle. CDF does oppose, however, the use of "full family sanctions" where the entire family would lose all help if a parent fails to comply with all welfare rules. Although this type of sanction would be vastly more punitive than current law, there is no research evidence to show that such severe sanctions are necessary or effective. In fact, some of the job training programs for AFDC recipients which have had the best track records for participation rates and earnings gains have been largely voluntary.

Full family sanctions come at great cost. Families without income are at great risk of homelessness and family break-up. Pushing children into foster or group care is enormously expensive and needlessly damaging. Over the longer term, the greater impoverishment caused by full family sanctions may do grave harm to children. For example, the poorer a child is, the more likely it is that (s)he will experience stunted growth and physical or mental disabilities or chronic health conditions serious enough to limit daily activities in future years.

Health coverage -- For welfare reform to succeed, families must be guaranteed health insurance that they cannot lose in the form of universal coverage with comprehensive benefits. Lack of decent health insurance in low-wage employment is a major barrier for recipients who are trying to leave welfare for work. No effort to move parents on AFDC into the private labor market will be effective without the assurance that health coverage will be continuously available.

Child support -- Strengthened child support enforcement is a key component of welfare reform. The failure to pay child support is a problem in every state. Indeed, as a country we are more faithful about paying for our cars than for our children: in 1992, the default rate for used car loans was less than three percent, while according to the Census Bureau the delinquency rate for child support owed to mothers was 49 percent in 1990.

A recently issued CDF report etches in stark relief the need for bold reform. States made some progress from 1983 to 1992. However, on the most basic of all measures -- the percentage of cases that have at least some support collected -- children are not significantly better off. In 1983, states made at least a partial collection in 14.7 percent of their cases. By 1992, the proportion of cases in which collections were made had edged up to 18.7 percent. At this rate of improvement, it will take over 180 years before each child served by a state agency can be guaranteed that at least some child support will be collected in any given year.

We believe that child support reform must include child support assurance, coupled with aggressive efforts to improve enforcement. Ultimately, enforcement should be centralized in a federal agency such as the Internal Revenue Service. Using the tax system to collect support sends a powerful message: that supporting our children is as fundamental a civic responsibility as paying taxes and that failure to pay has real consequences.

If these measures are not feasible in the short term, immediate improvements must be made in the current system. The Administration's proposal contains key reforms that strengthen federal assistance in collecting support, correct state resource shortages, build on successful models, and authorize child support assurance demonstrations.

<u>Rep. Robert Matsui's welfare reform proposal, H.R. 4767, incorporates the key principles outlined above and offers a strong framework for Congressional action.</u> This approach would move us aggressively forward without sacrificing fairness or pushing children and families deeper into poverty. It would expand dramatically work-related activities for parents receiving AFDC while at the same time providing the additional investments in education, training, job creation, and child care that are essential to its success. The child support enforcement system would be greatly strengthened, financial incentives to work for AFDC recipients would be strengthened, and teen parents would receive attention immediately upon joining the welfare rolls.

CDF particularly supports the following provisions of the Matsui bill which can serve as major building blocks for any new welfare reform initiative:

- In contrast with the rigid structure of the Administration's WORK program, the Matsui bill focuses on results -- parents moving from welfare to work -- and gives states much greater flexibility and resources to accomplish this task. The number of welfare parents who are required to work would be increased dramatically in the Matsui bill and states would be given the flexibility to use JOBS funds to target the age group(s) the state deems most appropriate. The Administration's bill denies states this flexibility to use available resources for various age groups. States also would have the option in the Matsui bill to use a portion of their JOBS funds for real job creation when private sector jobs are not available.

- Child care funding for the working poor would be increased by $2 billion per year by FY 1999 in the Matsui bill versus only $1 billion per year by FY 2004 in the Administration bill. Additionally, the Matsui bill would not require states to lower to age one the exemption for the youngest child, enabling states to spend scarce child care dollars on those most able to work and on child care subsidies for working poor families to help them stay in the workforce.

- The earnings disregards would be improved, requiring states to disregard at least $120 and one-third of the remainder of earnings when determining a family's amount of assistance (and allowing states to exclude as much as $200 and 50 percent of the remainder of earnings). The Administration's bill, while allowing states to do better, would no longer require the current disregard of one-third of earnings during the first four months of employment. The Clinton bill would make it possible for states to make it even harder for mothers entering low wage employment; the Matsui bill would make it somewhat easier to enter and stay in the labor force.

- The child support system would be greatly strengthened through a number of important provisions: expanded child support assurance demonstrations that test the viability of this approach; staffing provisions that require states to achieve basic child support outcomes or staff up so they have the resources to get the job done; and more streamlined procedures for periodically reviewing and modifying child support orders.

The Matsui bill also omits a number of provisions in the Administration's bill that threaten to push children and families deeper into poverty. Two of the most important examples are the state option to impose a child exclusion provision and the requirement to impose a full family sanction in a number of circumstances.

The need to protect children from severe deprivation will not disappear until we address the underlying causes of child poverty in America. We must recognize that a typical mother under age 30 raising children on her own -- whether or not on AFDC -- had an income of only $7,280 in 1992, a figure 35 percent below that year's federal poverty level for a family of three. Low-income families have been losing ground over the past twenty years: for example, young single mothers with children as a group had 28 percent less purchasing power in 1992 than in 1973. If we are to help families move out of poverty, we must design strategies which combine income from several sources (work, child support, and supplements such as the EIC or earned income disregards) and reduce essential expenses like child care and health coverage.

If we set realistic goals that are consistent with the resources at hand, this welfare reform effort can at least move in the right direction in promoting work, responsibility, and eventual self-sufficiency. If we merely impose a rigid new set of requirements on families receiving AFDC without providing more effective assistance to overcome their barriers to employment, we only will add to the plight of our nation's poorest and most vulnerable children.

STATEMENT OF JENNIFER A. VASILOFF, EXECUTIVE DIRECTOR, COALITION ON HUMAN NEEDS

Ms. VASILOFF. Thank you.

I am Jennifer Vasiloff, executive director of the Coalition on Human Needs. The Coalition believes there is one basic question that must be answered by anyone proposing to reform the welfare system: Will the proposed reform improve the lives of poor children and their families?

Cutting off an already inadequate welfare benefit at an arbitrary point in time will not improve the lives of poor children. The Coalition on Human Needs opposes time-limiting welfare assistance and urges members of this committee and indeed all Members of Congress to reject time limits as well.

The Coalition on Human Needs is an alliance of over 100 national organizations working together to promote public policies addressing the needs of low-income and other vulnerable Americans. The Coalition's members include civil rights, religious, labor, and professional organizations and those concerned with the well-being of children, women, the elderly and people with disabilities.

Two years ago, the Coalition formed a Welfare Reform Task Force because of our members' strong interest in this subject. The Coalition's Task Force developed a set of welfare reform principles to guide our collaborative work. The full text of these principles and a list of the organizations participating in the Coalition's Task Force is attached to my written testimony.

Children must come first in the welfare reform debate. I commend the chairman for focusing this hearing on the two-thirds of welfare recipients who have been practically invisible in this debate, the children.

Our Nation faces a crisis, a crisis of child poverty. One in every five American children is poor. Many of these children are welfare recipients. It is worth remembering just how desperately poor families must be to receive assistance through the AFDC program.

To be eligible for AFDC, a family must have almost no assets or income. A typical AFDC family made up of a mother with two children receives a mere $367 per month in cash assistance. The average AFDC mother must try to get by on $367 per month to pay rent and utilities, buy clothes and school supplies and other necessities for her 2 children.

AFDC is a safety net program of last resort for poor families. Poor children are America's most vulnerable children. Time-limiting benefits risks making poor children's lives more miserable. The poorer the child is, the more likely he or she will be in poor health, at risk of experiencing developmental delays, behavioral problems, or learning disabilities.

Poor children are more likely to live in dangerous neighborhoods, rundown housing, and go to overcrowded and lower-quality schools. Communities where these children live often lack access not only to employment opportunities for adults, but also reliable transportation, adequate child care, and a host of other supports that many middle- and upper-income parents take for granted.

Despite the fact that most AFDC families have access to food stamps, many poor children in this country still go hungry.

The Food Research and Action Center, a member organization of the Coalition, estimates that 5 million children under the age of 12 in America already go hungry at some point each month. Imposing a lifetime time limit on cash assistance to poor families risks making child hunger and poverty worse. Welfare reform legislation should address the current crisis of child poverty and not exacerbate it.

The Coalition on Human Needs is particularly concerned about the provision in many of the welfare reform bills under consideration that would penalize the children in a family if a parent fails to comply with all welfare rules. The imposition of a full family sanction is vastly more punitive than current law.

How is a mother to pay for rent or food or clothes in such a situation? Families with no income are at great risk of homelessness and family breakup. Forcing children into foster or group care because of their parent's inability to support them through work would be very damaging to the children and extremely expensive to society.

Research demonstrates conclusively that lowering a poor family's income can harm the children in the family. On the other hand, there is no research to suggest that time-limiting AFDC offers other benefits to offset the expected harm to children.

Even proponents of time limits, such as Assistant Secretary of Health and Human Services David Ellwood, concede that no research has been done to suggest that time-limiting AFDC will achieve the results they hope for. In fact, there are real reasons to question the assumption that single parents need the threat of a cutoff of all cash assistance to motivate them to work.

In a study that the Coalition on Human Needs recently conducted where we interviewed AFDC parents in four States, we found that the majority of AFDC parents are highly motivated to find work to support their children. The statement of a Texas mother we talked to was typical. She told the researchers: "I don't want to be on welfare the rest of my life. I want a job to support my kids."

Seventy percent of all AFDC families leave the program within the first 2 years without a time limit often because the parent in the family has found a job. Despite these facts, some are willing to experiment on a grand scale with our Nation's poorest families with tragic results to children.

The Coalition on Human Needs believes that the approach recommended in Representative Robert Matsui's bill is much preferable to other proposals under consideration.

Mr. Matsui's bill does not put children at risk by imposing a time limit on cash assistance. In addition, it invests in poor children by increasing child care funding for working poor families by $2 billion per year by fiscal year 1999. It also allows parents with children under the age of 3 to be deferred from program participation in recognition of their parenting responsibilities and the lack of quality care for infants and toddlers in most communities.

Other Members of Congress, including Representatives Mink and Woolsey, have recommended changes to the AFDC system that put the interests of children first. Reform of the AFDC program cannot succeed in the absence of a broader antipoverty strategy that in-

cludes a recognition of the role played by a labor market increasingly dominated by low-wage, part-time and temporary jobs that cannot support a family.

Arbitrary time limits fail to recognize that AFDC families' needs are different and circumstances vary. Curtailing access to welfare without reducing the need for income support will only increase poverty and hurt needy children.

Thank you.

[The prepared statement and attachment follow:]

Statement of Jennifer A. Vasiloff, Executive Director Coalition on Human Needs
before the Subcommittee on Human Resources,
Committee on Ways and Means, U.S. House of Representatives

August 16, 1994

Thank you Mr. Chairman and members of the subcommittee. I am Jennifer Vasiloff, Executive Director of the Coalition on Human Needs.

The Coalition on Human Needs believes there is one basic question that must be answered by anyone proposing to reform the welfare system: "Will the proposed reform improve the lives of poor children and their families?" Cutting off an already inadequate welfare benefit at some arbitrary point in time will not improve the lives of poor children. The Coalition on Human Needs opposes time-limiting welfare assistance and urges Members of this Committee -- and indeed all Members of Congress -- to reject time-limits as well.

The Coalition on Human Needs is an alliance of over 100 national organizations working together to promote public policies which address the needs of low-income and other vulnerable Americans. The Coalition's members include civil rights, religious, labor, and professional organizations and those concerned with the well-being of children, women, the elderly, and people with disabilities. Two years ago, the Coalition formed a Welfare Reform Task Force because of our members' strong interest in this subject. The Coalition's Welfare Reform Task Force developed a set of welfare reform principles to guide our collaborative work. The full text of these principles and a list of the organizations participating in the Coalition's Task Force is attached to my written testimony.

Children must come first in the welfare reform debate. I commend the Chairman for focusing this hearing on the two-thirds of welfare recipients who have been practically invisible in this debate -- the children. Our nation faces a crisis -- a crisis of child poverty. One in every five American children is poor; many of these poor children are welfare recipients.

It is worth remembering just how desperately poor families must be to receive assistance through the Aid to Families with Dependent Children (AFDC) program. To be eligible for AFDC a family must have almost no assets or income. A typical AFDC family made up of a mother with two children receives a mere $367 per month in cash assistance. The average AFDC mother must try to get by on $367 a month to pay rent and utilities, to buy clothes, school supplies and other necessities for her two children. AFDC is the safety net program of last resort for poor families.

Poor children are America's most vulnerable children. Time-limiting benefits risks making poor children's lives even more miserable. The poorer the child is the more likely he or she will be in poor health, at risk of experiencing developmental delays, behavioral problems or learning disabilities. Poor children are more likely to live in dangerous neighborhoods, run-down housing and go to overcrowded and lower quality schools. The communities where these children live often lack access not only to employment opportunities for adults but also reliable transportation, adequate child care, and a host of other supports that many middle and upper income parents take for granted. Despite the fact that most AFDC families have access to food stamps, many poor children in this country still go hungry. The Food Research and Action Center, a member organization of the Coalition on Human Needs, estimates that about five million children under the age of 12 in America already go hungry at some point each month. Imposing a lifetime time-limit on cash assistance to poor families risks making child hunger and poverty worse. Welfare reform legislation should address the current crisis of child poverty and not exacerbate it.

The Coalition on Human Needs is particularly concerned about the provision in many of the welfare reform bills under consideration that would penalize the children in a family if a parent fails to comply with all welfare rules. The imposition of a "full family sanction" is vastly more punitive than current law. How is a mother to pay for rent, or clothes or food in such a situation? Families with <u>no</u> income are at great risk of homelessness and family

break-up. Forcing children into foster or group care because of their parent's inability to support them through work would be very damaging to the children and extremely expensive to society.

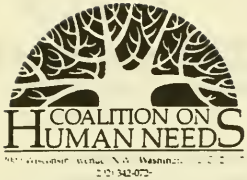
Research demonstrates conclusively that lowering a poor family's income can harm the children in the family. On the other hand, there is no research to suggest that time-limiting AFDC offers other benefits to offset the expected harm to children. Even proponents of time-limits such as Assistant Secretary of Health and Human Services David Ellwood concede that no research has been done to suggest that time-limiting AFDC receipt will achieve the results they hope for. In fact, there are real reasons to question the assumption that single parents need the threat of a cut off of all cash assistance to motivate them to work.

In a study the Coalition on Human Needs recently conducted where we interviewed AFDC parents in four states, we found that the majority of AFDC parents are highly motivated to find work to support their children. The statement of a Texas mother was typical. She told CHN researchers "I don't want to be on welfare the rest of my life. I want a job to support my kids." In fact, 70% of all AFDC families leave the program within the first two years without a time limit, often because the parent in the family has found a job. Despite these facts, some are willing to experiment -- on a grand scale -- with our nation's poorest families, risking tragic results for children.

The Coalition on Human Needs believes that the approach recommended in Representative Robert Matsui's bill (H.R. 4767) is much preferable to other proposals under consideration. Mr. Matsui's bill does not put children at risk by imposing a time limit on cash assistance. In addition, it invests in poor children by increasing child care funding for working poor families by $2 billion per year by FY 1999. It also allows parents with children under the age of three to be deferred from program participation, in recognition of their parenting responsibilities and the lack of quality care for infants and toddlers in most communities. Other Members of Congress including Representatives Mink and Woolsey have also recommended changes to the AFDC system that put the interest of children first.

Reform of the AFDC program cannot succeed in the absence of a broader anti-poverty strategy that includes a recognition of the role played by a labor market increasingly dominated by low wage, part-time and temporary jobs that cannot support a family. Arbitrary time-limits fail to recognize that AFDC families' needs are different; their circumstances vary. The Coalition on Human Needs believes that curtailing access to welfare without reducing the need for income support will only increase poverty and hurt needy children.

Thank you.



COALITION ON HUMAN NEEDS
[illegible] Wisconsin Avenue, N.W. Washington [illegible]
[illegible] 342-072[illegible]

Jennifer A. Vasiloff
Executive Director

COALITION ON HUMAN NEEDS WELFARE REFORM TASK FORCE PRINCIPLES

The Coalition on Human Needs (CHN) is an alliance of over 100 national organizations working together to promote public policies which address the needs of low-income Americans. The Coalition's members include civil rights, religious, labor, and professional organizations and those concerned with the well-being of children, women, the elderly, and people with disabilities. In 1992, CHN formed a Welfare Reform Task Force composed of CHN organizations that share a strong interest in welfare policy.

CHN's Welfare Reform Task Force believes that certain fundamental principles must guide any welfare reform initiative. We believe that to properly address human needs welfare reform must: **reduce the need for welfare, affirm that Americans work for wages not for welfare, and assure an adequate safety net for children and their families.**

Reduce the Need for Welfare

Reform of the Aid to Families with Dependent Children (AFDC) program cannot succeed in the absence of a broader anti-poverty strategy. Families are often forced to rely on welfare because other societal systems have failed. A meaningful anti-poverty strategy must include assured child support benefits for all children with an absent parent, improved unemployment insurance protection, a refundable children's tax credit, universal access to health care, an increased minimum wage, an expanded Earned Income Tax Credit, quality child care needed for employment and preparation for employment, improved access to federal nutrition programs as well as other reforms and initiatives outside the AFDC system.

Investing in education and training opportunities for welfare recipients is critically important. Federal funding for the Job Opportunities and Basic Skills (JOBS) program -- or any successor program -- should be increased to expand education and training services that give participants the necessary skills to obtain a decent paying, stable job. The state matching funding requirement should be waived or substantially reduced. Job preparation activities for AFDC recipients should include the option to pursue higher education and nontraditional training for women.

AFDC parents trying to get work and get off welfare face the realities of a labor market that is increasingly dominated by low-wage, part-time and temporary jobs that cannot support a family. In many poor communities, jobs of any kind are scarce. Initiatives to create jobs paying a living wage must be pursued aggressively.

Work for Wages Not For Welfare

Any public sector employment created for people leaving the AFDC system must provide pay and benefits equal to other workers doing the same work, without displacing current workers and jobs. Requiring work in exchange for welfare benefits would create a permanent class of impoverished parents who would not enjoy the basic rights to which all other American workers are entitled. Creating such a permanent working underclass would erode both wages and employment standards for all Americans.

The AFDC system should promote, not penalize, work effort. Reforms should be made to make it easier to combine some paid employment with AFDC receipt by finding ways to allow recipients to retain more of their earnings and to save for future needs.

Assure an Adequate Safety Net for Children and Their Families

Curtailing access to welfare without reducing the need for income support will only increase poverty and hurt needy families. Time limits on the receipt of AFDC benefits are unacceptably arbitrary because they fail to take into account individual circumstances. the needs of dependent children, and the failure of the economy to generate decent jobs.

The welfare system should provide adequate support to families while they are unable to support themselves and while they are preparing to succeed in the work force. Adequate support for welfare recipients must include the income necessary to meet basic needs, as well as access to health care, housing, education or job training, child care, and other supportive services. Supportive services should be continued during periods of combining paid employment and AFDC receipt, as well as for a transitional period after receipt of AFDC ends.

While innovative strategies proposed by the states for addressing the needs of welfare recipients should be considered, state requests for waivers from federal law governing the AFDC program must be carefully reviewed by the Health and Human Services Department in a fair and public process. Some states have used the waiver process as a back-door method for cutting benefits and imposing punitive behavioral requirements on recipients. Care must be taken to prevent recipients from being worse off by waivers granted.

The welfare system must treat people with dignity. Family cap provisions, restrictions on migration and other measures that seek to punish certain behaviors hurt needy families and do nothing to help them escape poverty. A reformed welfare system should emphasize incentives over penalities.

PARTICIPANTS IN THE COALITION ON HUMAN NEEDS WELFARE REFORM TASK FORCE[1]

American Federation of State, County & Municipal Employees; American Friends Service Committee; American Jewish Congress; Bread for the World; Catholic Charities USA; Center for Community Change; Center on Budget and Policy Priorities; Center for Law and Education; Center for Law and Social Policy; Center for Social Policy Studies; Center for Social Welfare Policy & Law; Center for Women Policy Studies; Child Welfare League of America; Children's Defense Fund; Church Women United; Community Family Life Services; Council of Jewish Federations; Economic Policy Institute; Family Service America; Food Research and Action Center; Human Services Forum; Institute for Women's Policy Research; Joint Center for Political and Economic Studies; Lutheran Office of Governmental Affairs (ELCA); National Alliance to End Homelessness; National Association of Child Advocates; National Association of Homes and Services for Children; National Association of Social Workers; National Board, YWCA of the USA; National Coalition for the Homeless; National Community Action Foundation; National Congress for Community Economic Development; National Council of Churches; National Council of Jewish Women; National Council of La Raza; National Displaced Homemakers Network; National Legal Aid and Defenders Association; National Neighborhood Coalition; National Organization for Women; National Puerto Rican Coalition; National Urban League; National Women's Law Center; NETWORK: A National Catholic Social Justice Lobby; National Organization for Women Legal Defense Fund; OMB Watch; Presbyterian Church of the USA; RESULTS; Save Our Security Education Fund; Service Employees International Union; Southport Institute; Union of American Hebrew Congregations; Unitarian Universalist Service Committee; United Cerebral Palsy Associations; United Church of Christ; US Catholic Conference; United Methodist Church, GBCS; United Way of America; Wider Opportunities for Women; Women and Poverty Project; Youth Policy Institute

[1] The organizations listed above participate in the Coalition on Human Needs Welfare Reform Task Force. The welfare reform principles of this Task Force were developed during a series of policy discussions during the summer of 1993. While each organization listed may not have a position on every subject included in this document, the recommendations outlined here reflect the general consensus of the group.

Chairman FORD. Thank you very much.
Ms. Locke.

STATEMENT OF LINDA M. LOCKE, DIRECTOR OF PUBLIC POLICY, COMMUNITY COORDINATED CHILD CARE, LOUISVILLE, KY.

Ms. LOCKE. Thank you.

I am Linda Locke, director of public policy for Community Coordinated Child Care, a United Way child care resource and referral agency in Louisville, Ky.

I would like to thank Chairman Ford and the subcommittee for the privilege of being here today. I will limit my remarks today to how child care for low-income families will be impacted by time limits on public assistance.

We are very concerned that time limits could put children at greater risk by not recognizing how truly hard it is for needy families to move permanently off welfare and by not providing adequate supports such as child care. Real reform must address why families return to welfare—lack of jobs, lack of health care, and certainly the lack of continuing child care assistance.

We urge that four major child care issues be addressed in the final bill. The first is to provide adequate child care to ensure that child care is available to families as they move off welfare and as long as they remain low income.

Kentucky caseworkers say that most of their clients earn about $5 an hour and stay on child care assistance for 4 or 5 years. They say clients simply do not have the job skills necessary for higher-paying jobs.

The second issue is to assure that families benefit from employment and that child care for the working poor is provided. Our agency administers child care programs for the working poor. We hear every day the frustration of those struggling to stave off welfare.

Parents tell us they are scared of losing their jobs if their child gets sick. They are frustrated that slight wage increases mean they lose food stamp benefits and that public housing goes up. If employers offer health insurance, they can't afford to purchase it, and child care assistance is out of reach for them as they compete with 10,000 other Kentucky families on over 2-year waiting lists.

I talked recently with a parent on the waiting list who has been there for 2 years. She says, "My husband and I have three children under the age of 6. We each work different shifts to make sure that our children are taken care of. I can't tell you how much of a strain this has been on our marriage. I think sometimes it would be easier to just quit everything and go on welfare."

We urge that this committee include at least $5 billion over 5 years to assure that child care for the working poor will be provided and that we remove this catch-22 situation.

The third issue is to provide supportive child care and comprehensive services necessary to increase the success rates of teen parents. The public schools in Louisville operate 2 teen parent schools for over 800 students which provide onsite academic, medical services, and family services to both the teen mothers and the

fathers. Each school has a quality child care program involving both teen parents in hands-on learning in how to care for the child.

These teens have higher graduation rates and lower rates of repeat pregnancy. In addition, the siblings of the parents participating in this program for the past 2 years have been involved in no pregnancies themselves. We would like to see these kinds of programs encouraged.

Child care assistance is also needed for teens who are not on welfare. I worked with a married teen a few years ago who needed child care to complete high school. As she was not working or eligible for welfare, no assistance was available. She quit school, angry at the system because she believed she had done the right thing by marrying the father of her child. Had she not, she could have gone on welfare, gotten child care assistance, and finished high school with her peers.

And the fourth is we would like the bill to eliminate measures that will decrease the supply of child care at the same time that child care will desperately be needed. This bill proposes to cut food reimbursements for children in family child care homes participating in the child and adult care food program. The bill restructures this tremendously successful program to limit current reimbursements mostly to homes in certain geographic areas. Other homes would have their reimbursements cut nearly 30 percent. This is projected to save $500 million over 5 years.

This proposal was developed to finance certain portions of the bill. While well intentioned, no one knows whether it will achieve its goals without harming the child care system. I would like to point out that this program took a major hit in the early eighties. This financing proposal first arose late last year, however, in reauthorizing five child nutrition programs earlier this year. The Education and Labor Committee did not pursue this proposal, even though the projected savings would have funded significant program benefits. We truly believe the adverse effects of this measure on the accessibility, quality, and safety of family child care cannot be overestimated.

Implementing this proposal, in our opinion, will have serious long-term consequences that will more than negate any savings that are brought about. I hope this committee will look at this issue, separately in the future, as my time today is short.

In closing, we would like to thank Representative Matsui for introducing H.R. 4767, the Family Self-Sufficiency Act, which we feel does more to ensure child care for low-income families.

We urge the committee to include his child care provisions in the final bill. Thank you for allowing me to testify before you today on this important issue.

I will be glad to answer any questions you may have.

[The prepared statement follows:]

TESTIMONY OF LINDA LOCKE
COMMUNITY COORDINATED CHILD CARE

Mr. Chairman, members of the Subcommittee, I am Linda Locke, Director of Public Policy for Community Coordinated Child Care (4-C) of Louisville - Jefferson County, Kentucky. 4-C is a private, non-profit United Way child care resource and referral agency, dedicated to quality care for children and has been operating for nearly 25 years. I have been involved with most aspects of child care in our community and state during my nearly 15 years at 4-C.

I wish to thank Chairman Ford and the members of the Subcommittee for the honor and privilege of appearing before the Subcommittee today. This Subcommittee's history in working on issues affecting low-income people and in particular, the quality of life for our nation's children is deeply appreciated. Those of us who are providing direct services see everyday the benefits that young children and their families derive from successful programs designed to assist families in achieving self-sufficiency.

Today I am here to testify on the provisions in H.R. 4605, The Work and Responsibility Act of 1994, regarding the two year limit on cash assistance and how the child care needs of low- income families and children will be impacted by this proposal.

I would like to take this opportunity to thank Representative Matsui for introducing HR 4767. We believe that this bill does more to ensure that adequate child care is available to low-income families. We urge that his child care provisions be included in the final version of any welfare reform legislation.

While there is significant agreement that welfare as we know it needs changing, we urge that any changes ultimately adopted enhance and promote the well being of our children rather than put them at any greater risk.

We are concerned that any proposal which imposes time limits on the receipt of public assistance will indeed put children at greater risk. In addition, we strongly feel that the two year limits of assistance do not adequately recognize how truly hard it is for very poor families to permanently move off welfare.

National figures tell us that most families do not stay on welfare on a long term basis. More than one half of the women on welfare use it for less than one year before obtaining adequate employment or child support. But we also know that about 75 percent of families that leave welfare will return within five years.

Real welfare reform must address the underlying reasons that people return to welfare - lack of good paying jobs, health care, and their inability to secure stable and adequate child care.

We feel that the child care assistance provided in H.R. 4065 is not adequate to meet the goal of moving families permanently off welfare. Today, I would like to address four issues regarding the child care needs of low-income families and how the child care provisions in H.R. 4605 impact on these needs. To address these issues we urge that the final bill do the following:

I. Provide adequate funding to ensure that child care assistance is available as families move off welfare and as long as they remain low-income.

II. Assure that families benefit from employment and that the child care needs of the working poor are met.

III. Provide supportive child care and comprehensive services necessary to increase the success rates of teen parents.

IV. Maintain and increase the supply of child care, particularly for young children, and <u>not</u> include measures that will decrease the supply at a time

when child care will be desperately needed.

I. PROVIDE ADEQUATE FUNDING TO ENSURE THAT CHILD CARE ASSISTANCE IS AVAILABLE AS FAMILIES MOVE OFF WELFARE AND AS LONG AS THEY REMAIN LOW-INCOME.

The commitment to provide adequate child care assistance for low-income families is absolutely critical as they struggle to attain self-sufficiency. Families that are moving off of public assistance and into employment situations are for the most part, earning low wages. A 1992 GAO study on the earnings potential of single mothers found that single mothers are likely to remain near or below the poverty line even if they work full-time jobs.

In Kentucky, case workers which oversee Kentucky's child care subsidy programs state that most of the clients they see average earning around $5.00 an hour. In addition, the majority of their clients are eligible for and remain on child care assistance for an average of four to five years.

Kentucky case workers repeat what we know about low-income families - they simply do not have the job skills that enable them to earn wages that are sufficient for them to pay the full cost of child care. A 1991 report* on welfare mothers as potential employees found that only 29 percent of women receiving AFDC had the basic skills necessary to perform any professional or technical occupations and only 45 percent had the basic skills necessary to perform clerical or secretarial work.

Its clear that parents moving off AFDC remain relatively low-income for a long period of time and that they need more than one year of transitional child care assistance. The Matsui bill recognizes this by allowing states to provide families with transitional child care for a second year or until the family's income reaches 185% of poverty. We urge that the Committee include these transitional child care provisions in its final bill.

II. ASSURE THAT FAMILIES BENEFIT FROM EMPLOYMENT AND THAT THE CHILD CARE NEEDS OF THE WORKING POOR ARE MET.

Our agency sees every day the necessity of providing child care for the working poor as we have been administering local subsidy programs for over 15 years. Our staff daily listen to the despair and desperation of parents who are employed in low-income jobs and are struggling to stay off welfare. Parents tell us they are scared that if their child gets sick or their child care ends then they could lose their jobs. Many feel they are only one paycheck from going on welfare.

They tell us, over and over, how the harder they try, the worse off they become. A slight increase in wages causes an increase in their rent in public housing and a decrease in the amount of food stamps they receive. If their employer even offers health insurance, they can't afford to purchase it. For most, child care assistance is simply out of reach as they compete with 10,000 other Kentucky families on two-year waiting lists.

Recently I spoke with one family on our waiting list. This is Collen G.'s story.

> *"My husband and I have three children under six. We have been on the waiting list for over two years. We each work different shifts to make sure that one of us can be here to take care of the children. I can't tell you how much of a strain this has been on our marriage because of how we have to juggle everything just to make sure our kids are ok. We are barely keeping our heads*

**WELFARE MOTHERS AS POTENTIAL EMPLOYEES: A statistical profile based on national survey data; Nicholas Zill, Ph.D., Child Trends, 1991.*

above water. Sometimes I think it would be a lot easier just to quit everything and go on welfare."

A 1994 GAO report* released this summer confirms that Mrs. G.'s dilemma is shared by thousands of others. The report looked at states' child care assistance policies and concluded the following:

"The current fragmented child care system does not consistently meet the needs of the low-income population attempting to become self-sufficient ... By law, states must serve those currently or recently on AFDC but have little incentive to serve other low-income families in like or even worse economic circumstances. As a result, the well-intentioned emphasis on providing services to assist welfare recipients in leaving welfare has overshadowed the importance of the provision of child care to prevent welfare dependency. By treating welfare and low-income working families as though distinctly different, when so many are in similar circumstances, the current system does not promote the goal of economic self-sufficiency in an equitable manner."

We urge the Committee to include at least $5 billion over 5 years for child care assistance for the working poor to help reverse this "Catch-22" situation. It makes no sense for families to go on welfare as the only way they can access child care assistance.

III. PROVIDE SUPPORTIVE CHILD CARE AND THE COMPREHENSIVE SERVICES NECESSARY TO INCREASE THE SUCCESS RATES OF TEEN PARENTS.

In Louisville, we have seen that high quality child care as a component of comprehensive services to teen parents is absolutely critical to ensuring that teen parents complete high school and succeed. Study after study has proven that keeping teens enrolled and actively participating in school is the best way to reduce teen pregnancy, keep repeat pregnancies from happening, and the first major step in assuring that the parents have marketable job skills.

Our county school system operates two Teenage Parent Program (TAPP) schools which provide comprehensive services, including on-site, high quality child care, to nearly 800 parents. Comprehensive services include pre-natal, well-baby and other medical services; family services which include the father, and the parents and siblings of both teens; and academic classes.

One critical component of the schools' services are the on-site child care programs that are available for all students. The high quality child care component provides the opportunity for teen parents to learn first hand what constitutes good care for young children in a non-judgmental and supportive environment. The young parents learn to put into practice what they have learned in their child care classes. And the fathers are included in this hands-on learning about parenting.

This unique child care and overall comprehensive services for teen parents is necessary in helping teen parents succeed. While we recognize that it is difficult to target this population and that they do need extensive help, we are very concerned that H.R. 4065 does not encourage states to offer these kinds of comprehensive services. Without intensive support to these young parents, they are at grave risk of dropping out of school and entering a long term poverty cycle.

In addition, these programs could be jeopardized by the provision in the bill that will allow states to pay child care rates based on the state wide market rate. Currently, states pay geographic market rates which recognize the differences of market rates among the diverse sections of the state.

*GAO/HEHS 94-87 CHILD CARE Working Poor and Welfare Recipients Face Service Gaps; p. 17.

In Kentucky, this would mean that our urban market rate of $75 a week for infant care could be significantly reduced as rural and mountain areas of the state have market rates as low as $55 per week. We urge the Committee to maintain the recognition of geographical market rate differences within states in its bill as is contained in the Matsui bill.

It is also very important that the final bill provide child care assistance to teens who are low-income, but not on welfare. In Kentucky, many teen parents are married, and we feel that it is in everyone's best interest that these teens complete high school.

I have provided case advocacy for a married teen mother from Western Kentucky whose husband was working on the family farm. They not only were low-income, but their income was seasonal. She had maintained a high B average, and wanted desperately to finish high school. However, they were not on welfare, and she was not working, so no child care assistance was available for them. And without it, they couldn't afford to pay for child care. We were unable to access assistance for her and she quit school - in tears and anger at "the system" because she had done what she felt she must do - marry her child's father and make the best of it. Had she not done so, she could have gone on welfare, received child care assistance and finished school.

The child care provisions in Representative Matsui's bill provide child care for a broader group of teen parents who are not on welfare; we feel the provisions in his bill will help teens in the above circumstances, and will support those pregnant teens who want to marry and finish school.

IV. MAINTAIN AND INCREASE THE SUPPLY OF CHILD CARE PARTICULARLY FOR YOUNG CHILDREN, AND NOT INCLUDE MEASURES THAT WILL DECREASE THE SUPPLY AT A TIME WHEN CHILD CARE WILL BE DESPERATELY NEEDED.

One financing proposal in H.R. 4065 is to cut food reimbursements for children in family child care homes participating in the Child and Adult Care Food Program (CACFP). It has been estimated that this will provide $500 million over five years.

We believe the adverse effects of this proposal on the accessibility, quality, and safety of the family day care available cannot be over estimated. It is our opinion that any attempts to change the current structure of this program will have serious, long-term consequences beyond the loss of nutrition benefits.

This proposal was developed to achieve the goal of financing certain portions of the bill. While well intentioned, this major change in one of the most successful federal child care programs has never been tested. No one knows for sure what will happen; we believe there will be major adverse effects on the child care system. Those who developed this proposal are optimistic that it will have little effect other than the program savings for which it was designed.

As has been previously discussed in this testimony, child care is a vital and necessary component of helping families move off welfare. It just doesn't make sense to include provisions in the bill that could significantly reduce the supply of good child care while at the same time more slots will be needed to serve the children of parents targeted by this bill.

This proposal establishes an "area eligibility means test" for family child care homes participating in the CACFP. Homes located in low-income census tracts, or near low-income schools; or serving low-income children; or who are low-income themselves could receive current reimbursements. Homes not meeting any of these requirements would have their food reimbursements cut by 27%.

Yet family day care is a key, critical component of our child care infrastructure. Nationally, thirty-four percent of children under five years of age who are cared for in a formal setting are in family day care, including the majority of infants and toddlers. The CACFP plays a major role in ensuring the quality of care for these children. Because the majority of family day care homes are still not licensed or regulated, CACFP has been the single, most important factor in encouraging family day care homes to be regulated, since this is a requirement for participating in the CACFP.

According to a report* released earlier this year, these were some of the findings related to the differences between regulated and non-regulated family day care:

- only 13% of the regulated providers were rated as inadequate in quality, while 50% and 59% respectively of non-regulated and relative providers were found to be inadequate

- of the regulated providers studied and receiving the highest quality scores, 87% participated in the CACFP, strongly linking participation in this program to high quality family child care

- 94% of the regulated providers report their child care income on their taxes compared to 42% of non-regulated providers, and 5% of relative providers.

The CACFP proposal to establish a geographic or area eligibility test is patterned after that used in the Summer Feeding Program. In fact, the bill references the definition of "low income area" from the child nutrition legislation defining it for the Summer Feeding Program.

The reasoning seems to be: "area eligibility works for Summer Feeding, why not for the Child and Adult Care Food Program? Why can't we just implement the same guidelines and save money without really hurting the CACFP?"

Our response to this is as follows: The Summer Feeding Program had 25,676 sites serving 2,105,747 children (July 1993) - an average of 82 children per site. On the other hand, the CACFP had 175,773 sites serving 858,226 children (June 1993) - an average of slightly more than 4 children per site. Because of the large number of sites with small numbers of children, the bureaucracy of administering any reimbursement differential (means testing) to so many sites with so few children will cost more that the reduced benefits will save.

Second, this program has been a continuing success story - homes become regulated, children receive nutritious meals, and the providers receive on-going training and monitoring. The enormous benefits children and parents receive from this program are provided with a minimum of bureaucracy.

Third, because of the small numbers of children per site, the actual reimbursement received by the provider is not great. For just over 4 children, she would receive approximately $266 to feed these 4 children two meals and one snack each working day for one month - meals that meet up to 2/3 of the child's daily nutritional needs. Think about that in context to what we spend and how we feed our own families.

Fourth, a USDA study* showed that the majority of children in family child care were from families JUST ABOVE 185% of poverty. These families cannot afford to pay increased child care costs to providers if this proposal cuts the providers' reimbursements.

And fifth, families do not choose child care where they live - an inherent

*Families and Work Institute A Study of Children in Family Child Care and Relative Care (Galensky, et al; 1994)

assumption in this proposal. A provider who is not located in a low-income area but serving low-income children will have to do significant new additional paperwork just to continue receiving her current reimbursement.

We urge that this Committee eliminate this funding proposal from the bill and not tamper with the best program we have for creating new child care slots, sustaining those we have and at the same time ensuring that children receive adequate nutrition and safe care when they are not with their parents.

Conclusion

I want to thank this Subcommittee for the privilege of appearing before you today. I extend to each of you and to your staff an invitation to visit with our agency. Talking with our direct services providers, with parents, and visiting child care programs provides insight I cannot bring to you today.

Thank you again for you continued interest in programs which are so vital to our nation's children and to their future. I would be pleased to answer any questions you might have.

*Study of the Child Care Food Program; Abt Associates, Inc. 1988.

Chairman FORD. Thank you very much.

We will have a few questions from the members here.

Ms. Lewis, in your discussion of the child exclusion, you stated that the Equal Protection Clause guarantees the government will not punish children for the decisions of their parents, decisions the children cannot control.

Particularly, you cited the Supreme Court case which struck down the Texas law that prevented children of undocumented aliens from attending school on the grounds that the law impermissibly punished children for the conduct of their parents.

Is the lack of equal protection a problem not only for the so-called child exclusion, but also sanctions that substantially reduce or cut off benefits of children because of their parents who did not comply with the requirements?

Ms. LEWIS. I think that depends on the context and whether or not the sanction would go to the child's benefits or the parent's benefits. The reason that the problem is so stark in the context——

Chairman FORD. Is there really a difference?

Ms. LEWIS. In practice, there may not be. In the context of the child exclusion, there certainly is. These are benefits that are for the child and for the support of the child.

It is, I would—I acknowledge it is a continuum, and that when you sanction the parent's benefits, that is going to have repercussions for the entire family. The constitutional problem arises when you are targeting benefits or government services that are for a child, and punishing that child because of the conduct of the parent.

Chairman FORD. If we had to cut off benefits for parents who do not comply with the work requirements, must we not protect the children in the process? How do you do it? If you cap benefits, the whole family is going to suffer. What child protective services would be appropriate in these sanction cases?

Ms. LEWIS. I think you raise a very serious problem, and we have a Children's Rights Project that focuses on the way children are treated in the foster care system and we know from what we have seen through the various State foster care systems that children are almost always better off in intact families and if we target our sanctions to such an extent that they undermine the ability of parents to care for and support their children, we are going to be seeing more and more foster care and more children in institutional settings which often have constitutional problems in themselves.

So I think that we do have to keep in mind that when we pull the rug out from under these families that we may be leading to the deterioration of the families themselves.

Chairman FORD. Mr. Johnson, you have heard a lot of these witnesses, several witnesses on the panel, that have testified right before this panel.

What do you believe the evidence shows as it relates to the question; does welfare cause out-of-wedlock births? This seems to be an issue that a lot of think tank groups are bringing before this committee; that taking all of the blame for these out-of-wedlock births should be placed on the welfare population.

Mr. JOHNSON. I think that is right. I think the evidence is quite clear that there is no direct link between increases in welfare pay-

ments or higher levels of welfare payments and the decisions of families to have children, or the decisions of young people who do not already have children to have children.

That research has been carefully reviewed, and reviewed by some current members of the administration and some of the senior officials at HHS, and I think it leaves very little ambiguity.

I draw your attention to what I suspect Congressman Kopetski may have been entering into the record earlier, which was a statement by a very large group of well-respected economists and other academics who looked carefully at this issue and weighed the balance of the research.

Chairman FORD. Ms. Vasiloff, you mentioned in your printed testimony—a survey of welfare recipients in four States that had found the majority were highly motivated to find work. Can you tell us a little bit about that survey?

Ms. VASILOFF. We interviewed JOBS participants in four States—Texas, New Jersey, Oregon and Missouri—about their experience in the JOBS program and their recommendations about how it might be reformed to better enable them to support their families.

While we had a mixed reaction about the JOBS program, many positive comments and some suggestions for changes, the overriding fear that was communicated to us—and this was across all of the States—was, "Well, all of this is fine, but I am worried that in my community, I still won't be able to find a job, that what we really need is a job at the end of this program."

That was why many of them volunteered to participate in the JOBS program and why they were concerned about what awaited them at the end of the line.

Chairman FORD. Did you find that there were those who were not motivated to work in this survey?

Ms. VASILOFF. We really didn't. For the most part, all of the people that we talked to were already enrolled and participating in the job opportunity basic skills program, and so they were highly motivated to work and very worried that a job might not be there, despite their willingness to take one if they could find one.

Chairman FORD. But what reasons did they give in this survey for not working? What did you find in your survey of these four States?

Ms. VASILOFF. I think there are a number of reasons. For some families, there was more than one reason. Many of them pointed to the labor markets that they were trying to find jobs in, that there simply were not positions available, that they had searched for work and been unable to find a job.

Chairman FORD. In most cases, did you find that many of them were seeking employment?

Ms. VASILOFF. Yes. Others faced other challenges; problems with child care arrangements, and in some cases, there were barriers with regard to education or lacking skills for what jobs might be out there.

But the point that was most frequently brought out in our interviews was the labor market concern.

Chairman FORD. Did you ask them about a mandatory work program in the welfare system?

Ms. VASILOFF. These were JOBS participants, but in the States that we did the research, those particular States had very small CWEP or mandatory work programs and so almost no one in our study was participating in that kind of a program.

Chairman FORD. But——

Ms. VASILOFF. Most of these interviews took place, I should say, during the end of 1992 or the beginning of 1993, sort of before this whole idea of time limits followed by mandatory work was on the front burner.

Chairman FORD. Mr. Kopetski.

Mr. KOPETSKI. Thank you, Mr. Chairman.

Ms. Locke, I appreciate your coming from Kentucky to help us out here. I wanted to ask you a quick question about the child and nutrition funding issue. I think it only saves like $150 million. That is a lot of money to you and me, I know, but to the Federal Government, it is not very much money.

How workable would this means-testing idea be anyway with family day care providers and what does that do to the working relationship of parents? I mean, you are the expert on child care; right?

Ms. LOCKE. I hope so.

Mr. KOPETSKI. More so than the other guy.

Did you hear the guy about day care? I am glad that you were here for that one.

Ms. LOCKE. I noticed that you all had a mutual admiration society.

The original text that I faxed to the staff contained a significant error. The proposed savings is $500 million over 5 years, rather than $150 million, and we did correct it on the text that is on the table.

But we do think that those savings are very suspect. The savings are based first on a USDA study published in 1988 and the data was collected in 1986 and 1987, way before the child care under the Family Support Act of 1988 and the Child Care and Development Block Grant was even implemented, so the savings, which is used to project that, we feel, is suspect because family child care right now is serving significantly more low-income children.

That study said they were serving a certain percent and we think that that percent has significantly increased. This particular proposal, family child care, is the mode of child care where most of our infants and toddlers are and the method of child care that provides our evenings, over weekends, part-time, and night care, and it is that child care that we will have to develop to provide the care needed as we see participants going into work.

They are not going 9 to 5, Monday through Friday. So we are going to need to develop that type of child care.

In this proposal, what we see will happen is that the administrative burden of administering this is going to be so significant that it will outweigh the benefits. That is the reason we have continued to fight a means-tested proposal and have been successful since the very early eighties.

The program used to be means-tested. No one participated. It was changed and it certainly has been one of the outstanding Federal child care success stories.

Mr. KOPETSKI. I did a lot of work on child care in the statehouse back home and try to be as supportive as possible on that. People forget that these family day care operations are small businesses. They have regulations as small businesses and we are just adding on to that and it is going to make it very difficult to continue as a small business.

Would you want to comment on overriding the State and local licensing and other mandatory standards for day care which have the effect of—I am quoting from my friend with the commercial day care and social work lobby—of making it impossible for communities to provide affordable day care from within themselves?

Ms. LOCKE. I think there are two points to be made on that particular issue. The first is that I think States have learned that to develop family child care, we have got to make our regulations first, just to ensure minimum care to begin with, and then to build on that. If you make the regulations too high, family child care providers will not participate, but you have to have regulations in there at a certain point that assures good care, and we certainly support that.

Mr. KOPETSKI. And there is legitimate debate—and I think that is what your testimony is—in this area of regulation and we want to ensure health and safety of children, yet we don't want to overly burden small businesspeople.

Ms. LOCKE. Certainly.

Mr. KOPETSKI. And we strive for that practicality in the home settings.

Ms. LOCKE. I think that States are achieving that as we have seen in the development of family child care. A study released earlier this year by the Work and Families Institute showed two things. One is that when we force people to provide care for children, the majority of it is not going to be good for children.

The second point that was made in that study was that not only were 87 percent—of the child care providers that were considered high quality, 87 percent of them participated in the child and adult care food program and programs which were meeting State regulations.

This is interesting; 94 percent of those homes paid income tax. Only 59 percent of unregulated care and 5 percent of relative care paid tax.

What we are doing on the back door, people like us who are working to ensure the regulation, we are also ensuring that the taxes are paid on the small business and helping them operate it in a small business fashion.

Mr. KOPETSKI. One other area of questions, Mr. Chairman, thank you, and that is to our friends at the ACLU.

Now, is there any question in your mind on the child exclusion, whether it is constitutional or not?

Ms. LEWIS. No.

Mr. KOPETSKI. Do you have some nonbiased attorneys that can talk to the administration, because you are going to sue us on the free passage?

Ms. LEWIS. We are already part of a lawsuit in New Jersey, our New Jersey affiliate, along with NOW Legal Defense and New Jer-

sey Legal Services, is suing to stop the child exclusion that is in effect.

Mr. KOPETSKI. How is that case going? Can you get it done before September?

Ms. LEWIS. Hopefully, it will be done before the end of the century. It is going very slowly.

Mr. KOPETSKI. Part of me says maybe we ought to pass some reforms and finance it in this way and then you guys do your job and throw it all out. Then we would have a good program in place and we will have to come back in and fund it in a decent way. It would be mandated that we provide all kinds of child care and transportation and training programs, but that would be irresponsible because we take an oath of office.

Let me ask you about a child support area. In your written testimony, you talk about the noncustodial parents and support enforcement on the weakness in the hearing process and the due process. Do you have anything per se against telephonic hearings, hearings by telephone? Do you want hearings where they are face-to-face?

Ms. LEWIS. There should be at least the option of that, that the person challenging the child support procedures should have the option. I think that as technology changes, we are going to see the concept of hearings change.

I think that in the future, we will be looking at computers and different approaches on the information superhighway and all of that. I wouldn't say that it has to be face-to-face, but I think that there has to be some kind of formal hearing procedure with a neutral decisionmaker, a chance to see the evidence and to respond and to be represented by counsel.

Mr. KOPETSKI. A hearings officer is appropriate and not a judge, necessarily?

Ms. LEWIS. The way these kinds of hearings are conducted, it can be administrative law judges who are judges, but they are not judges in the sense of circuit court judges.

Mr. KOPETSKI. Right.

The last area is on the targeting of immigrants on denying legal residents access to Federal benefits programs. Is there any question in your mind you are going to win that one?

Ms. LEWIS. I would never say we are going to win anything.

Mr. KOPETSKI. You are going to sue us though?

Ms. LEWIS. Yes, I think we probably would, depending on what kind of bill is eventually passed. If something like this was in the bill and if the States implemented these kinds of programs, we would certainly look at it.

Mr. KOPETSKI. The administration, are they looking at the legal problems in this? Do you know? Have you talked to them?

Ms. LEWIS. I would assume so. Many different groups have been talking to the administration.

Mr. KOPETSKI. OK.

Ms. Vasiloff, Mr. Johnson, I am out of time, but I thought you gave excellent testimony and right to the point and I really appreciate it.

Chairman FORD. Thank you very much.

Let me thank each panelist as well for your testimony and the insight on this welfare reform bill that we have before the committee.

All of the groups have worked closely with this committee over the years, and if there is a markup session any time soon, I am sure that you will be talking with us and staff as we move through some of these very critical issues and it is always good to have the record be clear in many, many areas.

We are going to have a big responsibility to craft a bill that would really try to bring about meaningful solutions to some of the problems, I won't say all of the problems but at least a major part of the problems that are out there in the welfare population.

Children are hurting, as are the heads of these households, these mothers. I, for one, am convinced that there is a large percentage of the welfare population that you would place in the category which you would call job-ready, ready to go into the work force, but for many, many reasons that we have talked about today and many, many more reasons, they are held out.

I think there is a lot of blame and criticism that is going around on this population, especially for the adults. I never thought that we would talk about imposing so many sanctions on the children, who are trapped into this dead end cycle of welfare through no fault of their own.

We ought to be looking toward the next generation and trying to focus on these children. Some of the things that you hear from these think tank groups are unbelievable. Are we going to wipe these children out? It is as if they are not full citizens of this country or full humans for that matter.

But I want to thank all of you for your testimony and your appearance and to thank the organizations and groups that you represent as well.

This will conclude the business of the subcommittee today and subject to the call of the Chair on welfare reform. Today we don't have any further dates scheduled to hear from witnesses, nor do we have a markup date set for welfare reform, but we certainly will keep the public informed.

This will conclude the business of the subcommittee today.

Thank you.

[Whereupon, at 2:36 p.m., the hearing was adjourned.]

[Submissions for the record follow:]

TESTIMONY, Hearing on Congressional Welfare Reform Legislation

Patricia Allen
Staff Associate
NYC Regional Education Center for Economic Development
130 West 42nd Street, Room 901
New York, NY 10036
(212) 840-2910; FAX (212) 840-2948

Co-Chair, BEGIN College Task Force (with Dr. Guida West of FPWA)
Federation of Protestant Welfare Agencies
281 Park Avenue South
New York, NY 10010
(212) 777-4800

August 22, 1994

I am presenting material regarding the college option for those on public assistance (PA), as practiced in New York City over the past four years, since the Family Support Act was first implemented in the City on October 1, 1990. At that time there was no operational plan for a college option in the City, although City University had several thousand PA students enrolled, and the state legislature had approved training related expenses for associate's degree programs for those on PA. New York City was in a particularly good position to take advantage of this college option, for full-time tuition at City University even now is only $1,050 a semester, almost totally covered by a state tuition program; and low-income students receive most of their Pell to help with extra expenses.

That fall I was co-chair of the Higher Education Committee of the Welfare Reform Network, a coalition of over 100 agencies whose representatives met--and still meet--monthly, coordinated by the Federation of Protestant Welfare Agencies. In December Catherine Zall, the Deputy Commissioner for the City's welfare-to-work program known as BEGIN, brought staff to a meeting with City University representatives and other advocates. During that meeting she offered WRN the opportunity of running a pilot college program in the South Bronx (Rider) BEGIN Center. WRN accepted the offer; the Higher Education Committee became the BEGIN College Task Force; and a broadly representative Design Committee was set up. Its recommendations were implemented (to the extent feasible) beginning in April 1991. All clients coming into Rider as volunteers or mandatory "call-ins" from April 1991 to September 1992 who mentioned college were referred to a college specialist in the Center. An ongoing list was kept, and about 230 individuals became the pilot group.*

As a volunteer, I became the informal educational case manager of the group for the next two years. For an educator with masters' degrees in the subject from both Columbia Teachers College and Harvard Graduate School of Education, my experience was somewhat unusual. After teaching high school English, I had worked for the Massachusetts Department of Education and a New York State educational planning commission for a total of five years; I had run a program for the Bronx YMCA in a large family shelter; and I had been director of a new settlement house/community center in the largest housing project in the Bronx. In addition, I had done nine years of volunteer prison counseling, and had held a variety of other jobs. Since BEGIN did not have a staff person assigned to post-secondary education options, I was allowed access to Rider staff and permitted to carry out much of the practical pilot work.

---

*We later estimated that this group of 230 would have been four times larger had staff mentioned college more systematically during intake, given that about 400 per week were called in and about 40 percent of adults on public assistance were high school graduates or held GED diplomas. The problem is that to this day we have not yet determined what percentage of a random sample of 100 high school graduates would want to work, to get non-college job training, or to go to college, and the realism thereof.

Since our initial effort, several special programs for those on public assistance at City University have operated. An early one was PACE (Public Assistance/Comprehensive Employment) located at New York City Technical College (Brooklyn) and Hostos Community College (South Bronx), as well as other locations statewide. Project ADVANCE supported health careers. PACE was subsumed by COPE, which received JOBS matching funds and is now placed in four community colleges. It features an intensive first semester and ongoing support for a variety of college majors, and now includes about 1,000 students. ADVANCE students were absorbed by REACH, located in some six colleges and now having about 1,000 matriculated students studying health and human services. It also receives matching JOBS funds. These students progress is, of course, being well documented. COPE students are going into their fourth semester; REACH students are entering their third semester.

We have not had funds for a thorough follow-up on the pilot group. However, I am now doing an informal follow-up on all those whose last names began with A through F--83, or about a third of the group.

Clearly on college track		
In college spring 1993 (includes one two-year grad)	26	31%
Graduated	1	1%
Enrolling/returning fall 94	9	11%
Returning spring 94	2	2%
	38	45%
Inclined towards college		
Last known in college '92 but uncertain now	7	8%
College "on hold"*	6	7%
Taking LPN with RN option	1	1%
Moved, but planned to pursue college	1	1%
Had some successful college, then took med asst course and graduated	1	1%
	16	18%
College not preferred or unlikely		
Last heard, working	4	5%
Preference is work**	5	6%
Unlikely to go to college+	4	5%
	13	16%
Status unknown		
Cannot locate, most probably not in college now	16	18%

The persistence of the 38 "clearly on track" students is worth noting, since only four of the 38 were in a special program: three in COPE and one in REACH. Twelve of 38 had defaulted student loans, but 6 of them were with the group of nine returning. We will continue to monitor the sample and the entire cohort.

*For example: 1-after starting college, her child became very ill. 2-has had bone spurs in foot not under control. 3-working full-time in finance but wanted early childhood; has no money for evening day care or tuition. 4-had 90+ high school average, 2 1/2 years of college at NYU, 5 children, not eligible for needed childcare, wants to be elementary teacher. 5-new baby. 6-had one successful semester, then children abused in day care; now about to take well-paying job with post office and could afford school nights.

**Three tried college: one left to have baby; one, defeated by college bureaucracy; one, never got training expenses and lost heart. One, newly engaged, chose work; one's personal problems made work more feasible.

+One is in drug rehab, another may have drug problem. One has severe health problem, another does not speak English well.

From our experiences over the last four years, we have learned the following:

1. There is a large and diverse pool of clients in the welfare population who have the intelligence and persistence to do college work. Many have gone back and forth between welfare and low-paying jobs; many have been blocked by defaulted loans (see below); needs of children and difficulties with other family members, as well as housing and health problems, have delayed college. Many if not the majority are volunteers. Many do not speak English well but made good grades in high school and need higher-level ESL to prepare for college. Many have been on welfare a long time. The three-week Career Planning workshop to which BEGIN sent at first more than a quarter of their participants did testing and counseling which led some numbers of mandatory clients into college. Nationally, a third of those on welfare are high school graduates. My estimate is that at least a third of these are decent college candidates.

2. The largest single obstacle to college was a defaulted loan. More than a third of the pilot group, and a steady 25 percent of those coming forward to volunteer for college, had defaulted loans--90 percent from trade schools. Everyone with a defaulted loan in the pilot group who wanted college was able to enter because the Regional Education Center made VATEA funding for single parents available to cover tuition. During the school year 1992-93 over 100 welfare college students (including several from the Pilot group) received tuition grants of around $1,000 for one or two semesters. During the summer of 1993 our office sponsored more than 25 workshops for a thousand defaulted potential students, including most of the 92-93 group. Beginning that summer our clients submitted requests for "reasonable and affordable" payments under new provisions of the reauthorized Higher Education Act of 1992, and to date more than 150 have regained their financial aid. We calculate that gains in financial aid last year and next year, including NYS TAP (tuition) grants, will amount to more than $1 million. Congress is to be commended for these provisions. (I enclose a copy of "Dealing with Your Defaulted Loan," which I am presently revising before it is published by City University this fall. Most defaulted students really need extra help or case management to persist to graduation.

3. Students had good retention and success, especially compared with other BEGIN activities. The overall retention rate of college students has been more than twice that of any other BEGIN activity, indicating the seriousness with which clients take this opportunity. Furthermore, my observation is that comparatively few leave college because of total academic failure. On the contrary, students leave more because of problems with child care, health of their children or themselves, housing crises, and most of all, problems with the general welfare and welfare-to-work bureaucracy. Students I have talked with left (temporarily) for these specific reasons, among others: both parents died close together, followed by the shooting death of her finance; mother needed to move to a nursing home, and no one else in the family would do the necessary work; a close member of the family died, and shortly after her apartment was robbed and everything valuable taken; one signed up for evening classes, and then child care arrangements "three deep" broke down; another had to place two children in special education and advance a divorce from an alcoholic husband; 14-year-old daughter had a baby. Today I spoke with a student who had a child on January 18 last year and registered for college a week later.

Students throughout CUNY showed superior persistence when the computer that governed their allocation of child care and transportation money broke down this spring, and they did not receive their grants, or received them late. Large numbers "toughed it out" and finished the semester.

Academically, the president of Phi Theta Kappa--the two-year college's equivalent of Phi Beta Kappa--at Bronx Community College is a welfare recipient with a 3.9+ average who also won a prestigious CUNY scholarship paying for all tuition after junior college through the bachelor's degree. A welfare client is Phi Theta Kappa and a student senator at Hostos Community College. Several other clients are members of Phi Theta Kappa. A third of the 300 COPE students at Borough of Manhattan Community College made 3.0 or better last semester. Three of several REACH students with 4.0 averages were mentioned at a public forum this spring; all three have defaulted student loans.

The real story is that despite the formidable job of being a mother and being a student, thousands are doing so successfully at City University, whose student population is over 200,000. About 13,000 heads of household received childcare and carfare grants in Spring 1994. An additional 10,000 including some teen children of heads of household are attending without this support; and University officials agree that there are probably many more uncounted, meaning well over 10 percent of the University's population is on public assistance. In a letter to the editor published in the New York Daily News on June 10, CUNY Vice-Chancellor Jay Hershenson wrote, "The proposed city budget cut of $13.9 million will severely reduce classes and services to students, many of whom receive public assistance and are utilizing a college education to secure self-sufficiency. The city government should help, not harm, their chances for success."

One of the myths about college has been that thousands of unqualified students would flood the universities if that option were expanded. As a highly placed NYS official told me recently, the legislature would never pay for "four years of remedial work for welfare clients." I am now convinced that the opposite is true: the percentage of "unqualified" students would in fact probably be much lower than those in the general population attending college; and even lower if pre-college prep and remedial math, as well as pre-college ESL for those reading over 9.0 in their native language, is available. The self-selection method seems to be working very well. Another indicator: the Center for College Options director told me she estimated that about three-quarters of those counseled by her office were decent college candidates. Her staff refers many to college prep or other programs if appropriate.

4. Modest support systems made a significant difference in success of the students. The key support systems have been 1) semester-long college prep classes offered by State University of New York Educational Opportunity Centers; 2) the Center for College Options, a part of the COPE program that provides special admissions help to those on public assistance wishing to enter the University--including some help with defaulted loans and aid in completing financial aid and application forms; 3) very limited adult education ESL classes for those who can read 9.0 or better in their native languages; 4) one or two advocates in each of the community colleges, to assist clients who face childcare/carfare probation in overcoming technical and general problems. Of course, the special programs--COPE, REACH, and Family College, have been invaluable. Since most volunteering for college are in their thirties and have been out of high school for over ten years, college prep classes have been very helpful in preparing them to take college entrance skills tests, thus reducing the number of remedial classes they must take on campus.

5. Much flexibility is needed regarding college timing; case management is key. Except for about a dozen students who could not be reached, everyone in the pilot group had a fair chance for college in the beginning. When students whose names went on the list had no phone and did not respond to a letter, I drove to their homes in the Bronx and explained the option. My estimate is that about 70% of the entire group were seriously interested in college and could have gone. Timing on entering, however, then and now is affected by several factors, many of which the client cannot control. One was complications at registration (financial aid was not in place, transcripts or needed documents did not arrive in time, letter to clear defaulted loan did not come in time, students lacked needed fees to register, and the like). Students with defaulted loans have to wait 8 or 9 months to complete the cycle that gives them back their financial aid. Difficulties that cause students to "stop out" for a semester have already been discussed. A case manager can help prevent or solve some of these problems; and by following the student over time, can evaluate seriousness and progress despite obstacles. Decisions about college have more serious consequences: potential loss of financial aid, grades, an entire future the client has counted on. The case manager plus the student will make significantly better decisions than otherwise regarding starting time, stopping out time, and possible alternatives. The path through college will then be much more efficient.

6. Besides the pervasiveness of the stereotype of welfare mothers, several matters limit the potential of the college option: lack of decent assessment; failure to count study time as part of the 20 hours needed for full activity credit; overwhelming ethos that short-term solutions are the only acceptable formula for everyone. We found it almost impossible for BEGIN staff to shift gears between the majority of clients who

did not have a high school degree and those who did. The tendency was to treat everyone the same. Even today college is rarely brought up by the intake worker. The form BEGIN itself designed as part of the intake interview that simply asks "Do you already have some college?" and "Are you interested in going to college?" is not widely used throughout the system. (A "yes" answer is supposed to lead to a referral to the Center for College Options.) Usually the client brings up college. Staff reductions have decimated the Career Planning seminar: Rider CP staff has gone from 5 to 1.

Most surprising to me is that after nearly four years of BEGIN under the Family Support Act, clients are still not properly assessed before placement. The intake interview clients undergo is not an assessment.

We worked with the SUNY EOC center in Brooklyn to plan a more comprehensive assessment for high school graduates and to do a pilot demonstration. BEGIN agreed to refer some number of newly accepted mandatory clients for this assessment before placement. About 30 came, and some 22 stayed for the entire time. They were give TABE tests for reading, math, and language arts (writing); and the Holland Self-Directed Search, an excellent "quick" vocational interest test. They completed a long intake form which asked "upfront" whether their first choice was to work, to get job training, or to go to college. Three-quarters chose college first. We also provided them with a two-hour seminar that explained the current labor market and best choices, available job training, and the college option. Finally they returned for individual counseling to put it all together. As a consequence of this, about half the students signed up for college prep at the EOC and some others for job training there. We found one client with a defaulted loan who scored 12.9 (13th grade level) on all three tests, and had over 20 previous college credits. We were able to get her into college immediately, where she made 3.9 her first semester and now is carrying a 3.6 average in early childhood education, with one semester to go before graduation. She has left welfare, landed a job as an education paraprofessional, and will take her last 12 credits this fall at night. She was elected to Phi Theta Kappa and won a $750 scholarship from the college. She has assured us that without this assessment she would not have returned to college. Another student also scored in double digits in all three tests; she, too, had a loan and should enter college this fall, after taking college prep. Everyone on the group scored 8.0 or better in reading, except for a Russian immigrant. This has not been replicated, although Commissioner Zall recently she would like to give more attention to assessment questions.

RECOMMENDATIONS

1. Four years of college should be available nationwide, as it was originally in the Family Support Act, for several reasons:

a) This is the only policy option now available that systematically gets clients not only off welfare but also out of poverty. Research by Dr. Marilyn Gittell and others prove that more than 85% get jobs, with pay usually well above average for a welfare client, and that they are staying off welfare.

b) More than half the jobs opening up in the future will require the bachelors degree.

c) Children benefit: mothers learn more about parenting, they set their children a good example, and the welfare cycle is generally broken. Educational research shows that the educational level the child will obtain is most closely linked to the educational level of mother.

d) Communities benefit: mothers with degrees become community leaders in poor neighborhoods.

e) The economy benefits: higher, steadier taxes more than pay back the cost of the longer time on welfare. And raising the level of the workforce is an important goal if America is to become a high-tech, high-wage nation. Sending welfare clients to college should become part of workforce improvement planning.

f) Recent studies show that even a year of college (half a degree) is worth more in the marketplace than anything else except a degree.

g) It rebuts the stereotype and makes welfare reform honest by affirming that there should be the full range of activities to serve the full range of talents in the welfare population. Otherwise the message is that no one in the welfare population is smart enough to go to college. In turn, this will give real credibility to the program among the welfare population and be a positive motivational factor, because welfare reform will not be just another insult to the race (and class).

h) Properly organized, the college group could provide mentoring and assistance to fellow welfare clients through college work study assignments. They could help with assessments and defaulted loan counseling, do educational counseling, and assist staff in welfare-to-work centers. They can be particularly valuable in working with the teen population. Students could be trained in ESL teaching and expand the staff available.

i) It would recognize that minority talent has often been shortchanged educationally by inferior schools, lack of counseling, prejudiced behavior that withheld information and opportunities, lack of good quality public vocational training that "drove" them to unscrupulous proprietary schools (and consequent defaulted loans).

j) We should not forget that some 25 years ago the Koerner report stressed the importance of helping minorities enter the mainstream of America. College is the most obvious path to this mainstream.

2. **Proper assessment, college prep, and advanced ESL should be widely available as pre-college activities that will prevent wrongful use of the college option. Client's motivation, the appropriateness of college for their employment goals, the stability of their home situation, and their entire K-12 educational history should also be part of the evaluation.** Many college students, I found, had personal or peer pressures that affected their high school achievements. But when I asked how they did in junior high and high school, their faces lit up. Success there is good evidence of intellectual potential. The three essentials for college entrance are some evidence of this potential (which a skilled educational assessor can determine), determination, and no major or pending crisis on the home front.

3. **Those going to college should have case managers based in the university who have both educational and social service expertise. The case manager should follow the student through college.** My estimate is that this will save millions of dollars in the long run by speeding up progress through college.

4. **Money should be available for doing research and collecting information about college students and graduates.** This is a long-range payoff, but one with significant potential. Research is badly needed. Budget cuts have wiped out social service agency's research department in New York City--and likely elsewhere.

Congress should be aware that the first waves of college students who attended under the Family Support Act are only now graduating. In New York City, where the college option was not implemented until spring 1991, pilot and early COPE students will start to graduate in some numbers this year. Shutting down the college program at the point where students are beginning to graduate, and failing to provide funds for tracking some samples for at least five years, will produce a significant policy information void. The chance to examine this option seriously will have been lost. The college program should not be cast aside until such studies are completed.

5. **Welfare reform should be considered an opportunity to upgrade human capital as part of efforts to change our economy to a high-skill, high-wage one.** Documents should acknowledge that there is significant intellectual capital in this population.

6. Credit should be given for volunteers in reporting compliance. Absence of volunteers in the count is a disincentive for college. Furthermore, if a social service agency creates an environment where clients want to come forth, they should get credit for that.

7. A college set-aside of two-year extensions for up to 15 percent should be made available independently of the 10 percent general extension. I believe the 10 percent exception will be used for exceptional cases rather than college, and college will simply wither for lack of extensions. The college program cannot survive such a serious disincentive. In New York City we know that a two-year college degree takes a minimum of three years to achieve because of needed remedial courses, length of some degrees (65 to 74 credits), unavailability of courses due to budget cuts, and waiting time to get into some popular majors such as nursing and other health fields.

8. The final welfare reform bill should clarify its goal, which should be to reduce poverty wherever possible in the process of moving welfare clients into the workforce. Anything less is immoral; it increases churning and the chance a family will fall right through the shrinking safety net. It should also acknowledge that a minimum wage job plus EITC plus access to good income-sensitive day care plus access to comprehensive health care will still not be genuine self-sufficiency for many families. Those with more children, those with children having special needs, those living in more expensive urban areas, those having to take part-time or unsteady jobs, are not going to be truly self-sufficient.

9. Before deciding what to do about college, those voting should meet with a focus group of welfare college students from their own district and see first hand how important this option is to these individuals.

10. Congress should consider recognizing that high school graduates should be treated differently than non-graduates: they particularly need assessment and careful placement, since this is their "last chance" to get ahead. Congress should require social service staff to have an educational unit staff by those trained as educators and including specialists in both pre- and post-high school matters. As an educator who has spent four years in the halls of the City's social service offices, I have great concern that educational principles that could improve programs are being omitted from policy and practice, and that counterpractices are present.

11. Standards for college students on public assistance should be comparable to those for all students in time frames, credit completion rates, and similar matters. Presently satisfactory progress standards for welfare students at CUNY, for example, are much higher than for non-welfare students. Given that welfare students generally have even more ground to make up, this is not equitable. Special arrangements should be made for those students for whom English is a second language, if needed.

12. Specific funding for default loan counseling of those on welfare should be allocated. My informal observation is that many stay on welfare longer than needed for lack of such counseling; and that this counseling would more than pay for itself.

13. The federal government should not approve waivers that cut basic budgets. Most know that welfare budgets are inadequate. Furthermore, common sense tells us that mothers cannot focus completely on studies, job training, or job hunting if they are worried about whether their children will have food on the table that night. Cuts coupled with demands does not equal a fair social contact. I have called students to find that they were studying but unable to concentrate because they did not know how they were going to pay their bills. With the grants so low anyway, waivers that include potential cuts should not be permitted.

14. Congress should act to make college more accessible to the working poor as well as to welfare clients. Argument have been advanced that college for those on welfare is not feasible because working poor would object. The fact is that today's welfare client is tomorrow's working poor, and vice versa. Christopher Jencks is right: policy should be made that covers both groups in a number of areas; this is one of them. Pell grants have been authorized at a level of $3,700; this should be funded. Counseling services for those with defaulted

loans are desperately needed. Community college budgets are being "killed" locally; something needs to be done about that. CUNY has taken a 20 percent budget cut over the last four years and in addition just lost over $9 million in funding this year.

Congress should build on the tradition of helping minorities go to college already embodied in the TRIO programs and similar initiatives. Eugene Lang and others have showed that certainty of college is a powerful contraceptive.

15. Employers need to understand that the welfare population is diverse; the perpetuation of stereotypes embodied in the present bill does little to encourage them to employ such a dumb and lazy population. Bringing the college option front and center and publicizing the achievements of graduates would counteract these limiting misconceptions.

In the past year former Harvard President Derek Bok commented in the Phi Beta Kappa quarterly newsletter that America did not have unlimited intellectual resources; and as it has learned the need to conserve its natural resources, so it would have to learn to use its intellectual capital wisely.

In closing, let me share two additional experiences that illustrate the truth of this observation, and that have been guideposts for my work.

When I directed a program called Family Camp for the Bronx YMCA, I was in a homeless shelter for 90 families several times a week. During one period I decided to knock on the doors of apartments and ask the resident adult if she (or he) would like to discuss her (or his) potential. I did this many times, and no one ever turned me down. Obviously, no one had ever made them this offer; possibly, no one had ever considered that they <u>had</u> any potential. They were used to people who wanted to discuss their problems. The first time I tried this, a young woman in her mid-twenties answered. Call her Linda. She had been on welfare 10 years. She had four children. She was married to an alcoholic twice her age. She looked like a classic welfare mother. But halfway into the conversation she casually remarked that when she was in junior high school, she had taken and passed the competitive test to enter Bronx High School of Science, the City's premier high school. Instead of going there, however, she had a child at 15. She was a math whiz, and inspired somewhat by the program's response to her ability, she later prepared 25 pages of exercises in fractions, decimals, and percentages, and became a math tutor in our program. Today she has 32 college credits with a 3.7 average; after several years of unsettled housing she is about to solve that problem; and for the past year she has held a $25,000/year job with a major community agency, and is one of their most valued employees. She plans to return to college as soon as her housing is absolutely resolved. Her employer told me that that year of college was a significant part of the reason he hired her. Incidently, during my two years in the shelter I found two others who had passed the test to Bronx Science.

During the time I was going to the homes of clients to inform them of the college option, I visited a two-parent family with two sons who had sufficient problems that the parents could not use babysitters but had to care for them directly. They lived in a rundown apartment house in a "bad" neighborhood, and I had to climb four flights of ill-kept stairs to get there. I was kindly received. They explained that the father was going school to get his GED at night and then working some, while the mother stayed home; and the mother, a human services major, was going to college during the day. She had completed one semester and was starting a second. I asked her a few questions for my record, and then as I was leaving, asked her what her average had been the past semester. Without missing a beat she replied, "3.88." My drive home was a joyful one, because I realized that that family was not going to have to live like this forever. Their capital for the future was their brains, and they were getting a chance to make the most of it. (by the next semester, it was over 3.9.)

A social contract needs flexibility. It needs opportunity. It needs high expectations. Across the country thousands of mothers and fathers are doing their best to raise their children decently under terrible

circumstances. And now a Congress which knows little directly about their conditions except what has been garnered from statistics on which policymakers have put their own qualitative spin faces a supreme moral moment of decision. The world of welfare is waiting to see whether this form of trial by jury without their peers will produce. Doing the right thing by college will send a clear message, believe me, that their human capital is valuable to America.

To compensate for lack of input by their peers, it is especially important that national open hearings be held on this bill. I urge you to do this, to convene focus groups of clients in your district and talk with them about how the time limit, for example, would affect their situation. Ask the high school graduates what they want to do, and what obstacles have been--and are--in their path. Over the last four years I have had the good fortune to have hundreds of conversations with talented individuals and commend them and such an experience to you, in the spirit of the Langston Hughes poem, "I, Too."

I, too, sing America.

I am the darker brother.
They send me to eat in the kitchen
When company comes,
But I laugh,
And eat well,
And grow strong.

Tomorrow,
I'll be at the table
When company comes.
Nobody'll dare
Say to me,
"Eat in the kitchen,"
Then.

Besides,
They'll see how beautiful I am
And be ashamed--

I, too, am America.

It is time for us now to recognize how intelligent many of our poor citizens are, and to take them out of the kitchen of limited opportunity into the economic independence and mainstream of America that "maximum intellectual development" (as cited in FSA regulations) will give. It is a profoundly moral issue: are we to deny intelligence this opportunity because its possessor is "darker"?

Thank you for the opportunity to present our concerns now.

POSITION PAPER

on

FEDERAL CHILD SUPPORT ISSUES

by the

AMERICAN ACADEMY OF MATRIMONIAL LAWYERS

The following represents the position of the American Academy of Matrimonial as a result of review of pending federal legislation relating to child support issues.

RECOMMENDATIONS FOR COMPREHENSIVE FEDERAL LEGISLATION

Our belief is that the federal government has a legitimate interest in ensuring basic legal rights for parents and children, including the right to be supported and the right to parent your children. We believe, however, that, whenever possible, the states should be allowed to refine the law to meet their own state's needs.

The Academy has already extensively analyzed the pending federal legislation relating to child support. A summary of those provisions we support for inclusion in a comprehensive federal proposal follows. For our specific position on these issues, please refer to our briefing book entitled "Comments and Analysis of Selected 1993 Federal Legislative Proposals Relating to Child Support."

A. Expand use of federal locator system.

(1) Include information for purposes of enforcing visitation as well as support. Proper safeguards should include privacy protection and protection for abused parents or children.

(2) Increase access to armed forces personnel information through the locate system.

(3) Allow access by private attorneys and pro se litigants.

B. Expand and make uniform the child support order registry.

(1) Allow all private parties to register.

(2) Use a uniform abstract of judgment.

(3) Include the respective findings of income of the parties whenever support is established or modified.

(4) Increase use of direct wage withholding.

(5) Eliminate need for "change in circumstances" when application of the guidelines results in a material change in the last support order.

(6) Include in orders that the parties have a duty to notify the other party and the court as to any changes of address and that failure to do so could result in an adverse judgment being entered in reliance on the last most recent address contained in the court records.

(7) Place in court order that release of the information is prohibited from the child support data base where abuse or safety is an issue.

(8) Include notice to the parties that child support records should be maintained in accordance with the deadlines contained in the statute of limitations.

C. Establish quantifiable maximum turnaround times for furnishing information and responding to requests.

D. Expand data base.

(1) Include capias or bench warrant information.

(2) Include public record information.

(3) Establish proper safeguards to protect privacy.

E. Expand/improve processes.

(1) Require adoption by the states of UIFSA (within constitutional parameters) without material change (see (2) below)

(2) Establish uniform national rules as to the proper forum state for establishment and modification jurisdiction which are consistent with the constitutional limits set forth in Kulko v. Superior Court, 436 U.S. 84 (1978)

(3) Require states to serve out-of-state process with the same priority and procedures used for in-state.

(4) Establish guidelines for service of process on federal employees and members of the armed forces.

(5) Create a presumption of address for future proceedings including enforcement and modification.

(6) Clarify that intrastate jurisdiction is child based.

(7) Provide for the use of a national subpoena duces tecum.

(8) Establish the priority of child support payments over federal debts.

(9) Increase coordination of information exchange between states, the on-line computerization to permit quicker access to wage and locate information on a national level by state agencies, private attorney and pro se parties to protect individual privacy. Establish standards for the input of information.

F. Expand the definition of child support.

(1) Include temporary child support orders in the definition of "final order."

(2) Include payments for or provisions for medical and health care expenses not covered by health insurance, whether current or in arrears.

(3) Extend child support for high school students until age 20.

(4) Change the statute of limitations on child support arrearage to the attainment of age 21 or 10 years from the date such support was due, whichever occurs later.

G. Expand enforcement.

(1) Establish models for the effective utilization of existing and proposed collection procedures.

(2) Require states to adopt occupational licensing restrictions, requiring due process standards and judicial decision making authority.

(3) Amend the PKPA to establish federal court jurisdiction over conflicting state court orders on child support and custody to expeditiously and more efficiently resolve which state has jurisdiction.

(4) Attach retirement benefits with proper safeguards.

(5) Attach bank accounts with proper safeguards.

H. Bankruptcy protections.

(1) Liberalize procedures for filing support debt claims in bankruptcy court.

(2) Eliminate the automatic stay as to paternity determinations, divorce actions, support establishment or modification and support collection actions.

(3) Expand the exception of discharge to include property division orders in addition to alimony, maintenance or support of a child or spouse.

I. Additional issues.

(1) Establish an Office of Child Support Enforcement.

(2) Continue and expand federal incentive payments to promote prompt and efficient transitions required by the enactment of new laws.

If further information or details are desired, please contact the American Academy of Matrimonial Lawyers at
(312) 263-6477.

Michael Albano, President
American Academy of Matrimonial Lawyers
311 W. Kansas Avenue
Independence MO 64050

Child Support Sub-Committee, AAML Legislation Committee:

Lawrence D. Diehl
Attorney at Law
320 East Broadway
PO Box 1320
Hopewell VA 23860

Marion F. Dobbs
Attorney at Law
500 Fifth Avenue, Suite 5530
New York NY 10110

Linda Lea M. Viken
Viken, Viken, Pechota, Leach & Dewell
1617 Sheridan Lake Road
Rapid City SD 57702

Catherine Holland Petersen
Petersen Associates, Inc.
PO Box 1243
Norman OK 73070

Harry L. Tindall
Tindall & Foster, P.C.
Attorneys at Law
2800 Texas Commerce Tower
Houston TX 77002-3094

Ian C. McLachlan
185 Asylum Street
City Place One, 36th Floor
Hartford CT 06103

A BILL

To amend title 28, United States Code, to grant to Federal courts jurisdiction to determine, in cases of conflicting child custody or support orders, which order conforms with section 1738A of such title.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1738A of title 28, United States Code is amended by adding at the end the following:

"(h) The district courts shall have jurisdiction of any action to determine, in the case of a dispute involving custody determinations of different states, whether such custody determinations were made consistently with the provisions of this section.

(i) The district courts shall have jurisdiction of any action to determine, in the case of a dispute involving child support determinations of different states, whether such support determinations were made consistently with the provisions of this section and the Uniform Interstate Family Support Act."

STATEMENT OF BILL HARRINGTON
AMERICAN FATHERS COALITION

TWO YEAR TIME LIMIT ON CASH ASSISTANCE

The American Fathers Coalition supports the effort of President Clinton and the Clinton Administration to impose time limits on grants for cash assistance where welfare mothers are able to work but either refuse to work or fail to work for unacceptable reasons. We fully support the concept of "TOUGH LOVE" and the proposition of focused parental responsibility. Fathers accept the notion that it is primarily up to parents to raise children, and not the government. Fathers are simply requesting that government roadblocks to day to day father parenting without entitlement funding, as an alternative to automatic welfare for mothers regardless of time limits or other new conditions imposed by welfare reform, be repealed and removed. Children have two parents and we need new policies that give the other parent support for their role in children's lives.

MR. CHAIRMAN, when fathers with children on AFDC already have jobs, as most do, and they already have incomes above the poverty level as does the majority, and if these fathers are able to care for their children full time without any public welfare, and these fathers want to raise their children as does one third up to one half, YES 33% up to 50%, and government policy does not provide for this option, AT ANY TIME, 2-years or any other time, then MR. CHAIRMAN, we are not doing what we can to really help children in dependency lifestyles. The American Fathers Coalition policy proposals on FATHER CUSTODY and FATHER AS BABYSITTER OF FIRST RESORT are the policy options that represent real and meaningful choices that directly benefit children, and these options are available immediately, without any 2-year wait.

In reality MR. CHAIRMAN, existing anti-father government policy is really oriented, intentionally or not, to KEEP children on welfare, to KEEP children in dependency lifestyles, to KEEP children living in at-risk home environments for abuse and neglect, and to KEEP fathers away from day to day parenting of their children. The net result is that fathers KEEP all the blame and receive no support for their desire to be involved as responsible parents. This happens through existing discriminatory practices that favor mothers as automatic custodial parents and which treats all fathers as deadbeats. This isn't a pretty picture, but it is the view from the perspective of fathers from all over America.

TIME LIMIT DEBATE

As previously stated MR. CHAIRMAN, the American Fathers Coalition strongly supports the concept of strict time limits for cash grants for AFDC cases. We know that for some welfare mothers, where no fathers are honestly identified or involved, and the mothers lack any necessary social skills to move into independent and responsible lifestyles, or mothers are in households with chronic unemployment, that a two year limit may seem arbitrary and even punitive. For the large majority of welfare mothers, however, a 2-year limit is far too long to wait for pressure to change their attitudes about independence and personal responsibility.

From the perspective of fathers, we see this issue of jobs and a time limit as only one sided. The reality is that the majority of fathers with children on AFDC already have jobs. If our goal is to place children with full time working parents, the American Fathers Coalition favors an IMMEDIATE transfer of custody to fathers who are full time employed and have incomes above the poverty level. This proposal is for mothers who have been on welfare for 6-months or longer. IMMEDIATELY, the children are removed from dependency lifestyles, IMMEDIATELY the children are removed from living in at-risk home environments, IMMEDIATELY the children are off welfare and the associated stigma.

WORK ETHIC NOT FACTORED INTO WELFARE REFORM

The BIGGEST and MOST SIGNIFICANT UNMET NEED for welfare mothers is obtaining the work ethic. This personality trait is usually received from fathers in intact 2-parent homes. None of the proposals offered through welfare reform for mothers provides for this important psychological factor. Failure to do so renders make-work programs unlikely to succeed and unreliable as a means of helping children out of dependency lifestyles.

WELFARE MOTHERS BENEFIT FROM FATHERS POLICY PROPOSALS

Also, IMMEDIATELY, the mothers are totally able to pursue solving their drug or alcohol dependency problems, completing their high school educations, enrolling in job training programs, or seeking gainful employment with incomes above the poverty level. They will have full time to devote to taking care of themselves. They will also know that when they are self-sufficient, that presumptive Joint Custody will be there for them to resume a major part of their children's lives. The mothers will know in the interim, the children are living with their father, and are no longer at-risk for foster programs or adoption. The three years for the children primarily with their father will only be temporary, unless the mother fails to become self sufficient by not having a job with an income above the poverty level for at least one taxable year.

EDUCATION PROGRAMS NEEDED - NOT MAKE WORK PROPOSALS

The fathers position is that welfare mothers are most in need of counseling for assertiveness training and esteem building at the beginning of an AFDC case and then completion of formal high school education or enrollment in a job training program. For those mothers really wanting to escape the welfare system, post graduate education is needed to prevent re-enrollment in welfare which happens generally four or five times over the course of a welfare mother's case history. What is needed is technical training or education so that parent will have the total ability to stay out of the welfare system, that if one job is terminated for whatever reason, that the person has the ability to obtain new employment to avoid re-entering the welfare system.

Children are most in need of adult supervision and role modeling by parents who are independent, full time employed, and who have total responsibility for their lives. While these characteristics are generally understood and accepted, they are not a factor in the existing social welfare system. Excitement and serious discussion of the 2-year time limit is being treated like shock therapy. It is not. It is only a dose of modern reality that society cannot, and will not, afford to totally support single parent households without a responsible adult who possesses the work ethic, someone who sees welfare as only a temporary measure, and not as a lifestyle.

CLINTON PROPOSAL COMPARISON WITH THE FATHERS PROPOSAL

The AFC proposal for IMMEDIATE relief, within one year, through positive father parenting, affects up to 50% of the AFDC caseload. At best, The Clinton Administration proposal reduces the AFDC caseload by 1% per year at best up to the year 2000.

The AFC proposal for policy options with IMMEDIATE effect, kicking in at 6-months after a mother is on welfare, is a reasonable compromise between President Clinton's 2-year limit and the total shock policy of ending welfare NOW, advocated by Charles Murray, and others.

DOUBTERS ARGUMENTS

For those who automatically argue against this proposal either because they believe that fathers are really incapable of parenting full time, or because they feel that fathers with children on welfare really don't care at all, we say it is time to find out. If fathers really do not come forward, nothing changes, and we know that anti-father biases are well based. If fathers really do come forward and request parenting for their AFDC children, everyone wins and we know that fathers really want to be involved. The worst we have to fear is destroying one of the big anti-father myths. The American Fathers Coalition says it is time to find out.

The tragic reality is that for nearly half of welfare mothers, a positive father option is a realistic option that has never been researched, and in effect, has been totally ignored. Our government has no understanding of the motivations and commitment of fathers. What is needed is a positive parenting option, an option with parental dignity as the anchor of the policy proposal. This is the policy option the American Fathers Coalition has to offer, along with the research to back it up. The missing financial statistic is what is the harm to children from missing out on positive father parenting? We cannot begin to even calculate the lifetime damage to fatherless children so we just ignore it and settle for just blaming all the fathers, as if they fit one psychological profile represented by deadbeat dad myths.

FATHER LOVE AS A POLICY OPTION

FATHER LOVE is an immediate option that doesn't take any time to put into effect. FATHER LOVE is IMMEDIATE and UNCONDITIONAL. FATHER LOVE is TOTALLY TAX FREE. FATHER LOVE is a policy that does not need six months, and certainly not two years, to warm up, consider the benefits, and evaluate. FATHER LOVE is emotional and psychological support every child needs as much as they can receive. YET, MR. CHAIRMAN, FATHER LOVE between fathers and children is a much sought after social result that existing government policy goes out of its way to prevent, especially for children in AFDC programs.

GREATEST DAMAGE IS TO CHILDREN BY FAILING TO ENACT WELFARE REFORM

PATERNAL DEPRIVATION is a social disease that needs to be stamped out if we are to have any chance of helping millions of children. New legislation is needed if positive father parenting is to have any chance to flourish. This is especially true for the necessity of positive father parenting by unmarried fathers. These fathers need official support for their desire to be involved parents, and the only way it is going to happen is through new legislation originating with a federal mandate to the states. The states have failed miserably to accept any notion of positive father parenting. They just focus on automatic custody for mothers and child support for the fathers. They do not even fathom the desire of fathers to be involved as day to day functioning parents. This is the continuing harm to children, without new legislation focusing on fairness in paternity identification procedures, nothing changes.

The Absent Fathers Syndrome is America's greatest social catastrophe. As stated again for the umpteenth time in Parade magazine on Sunday August 14th, 1994, that children in single parent maternal homes, are at the greatest risk for child abuse and neglect, government policy acts to effectively KEEP children in these destructive environments, as if that is in their best interest, even when we know it is not.

Instead of working mightily to sympathize automatically with all welfare mothers, as if that is our only policy option, and they are all deserving of official support just because they are mothers, and then create new programs to KEEP these children in dependency lifestyles with their mothers, America needs new programs to get children out of dependency lifestyles and off of welfare roles.

The following proposal is intended to be a major alternative and begin the debate on a positive role for fathers in national family policy issues.

AMERICAN FATHERS COALITION WELFARE POLICY PROPOSAL

NATIONAL CAMPAIGN OF DISCRIMINATION AGAINST POVERTY

CHAIRMAN FORD, the American Fathers Coalition believes that in those welfare cases where one parent, is on welfare for six months or more and is also able to work but fails to do so, and the other parent is able to support the children financially out of welfare and off of entitlement funds IMMEDIATELY, and the other parent cannot make that same guarantee, that the parent who can avoid welfare for the children IMMEDIATELY and remove children IMMEDIATELY from dependency lifestyles, should be favored for custody temporarily for three years. The other parent can then enroll in AA or other anti drug dependency programs, enroll in self esteem building and assertiveness training classes, complete their high school education, enroll in a job training program, obtain an advanced educational degree, or get actual work experience. Then after one taxable year of full employment above the poverty level, that parent could then petition the Court for significant or equal time with the children under presumptive joint custody.

We understand that in normal contested custody proceedings between non-welfare working parents, that money is not and should not be a decisive factor. However, in welfare cases, where poverty is the main issue, or at least is argued as the priority to avoid for children, and avoiding dependency lifestyles for the children is our national goal, then it is not only reasonable but mandatory, that America face the fact that positive father parenting, where fathers with children on AFDC want to assume primary responsibility for the children, that a national campaign of discrimination against poverty be instituted, and working fathers be favored and supported for a three year period of custody, over non-working, non-supporting mothers. We believe non-dependency lifestyles should be a national policy as in the BEST INTEREST OF THE CHILD. In these instances, a working income for one parent should be a positive decisive factor to a Court official determining a change of temporary custody of children.

If America can set a goal as we did in 1961 of going to the moon by 1970, America can set a domestic goal of cutting AFDC cases by 50% by the year 2000. H.R. 4605 to be effective, and to "END WELFARE AS WE KNOW IT" such a goal is needed. The failure to include such a goal means we intend to fail in making any real changes in the AFDC system.

Without the above policies in place, and without the benefit of positive father parenting in legislation as a serious option, WELFARE REFORM IS DOOMED TO OUTRIGHT FAILURE OR LIMITED SUCCESS !!! Our country, and millions of needy children, deserve better.

FATHERS WITH CHILDREN ON AFDC PROGRAMS HAVE INCOMES OVER $15,000.00

The average incomes of fathers with children on AFDC programs is $15,300.00. This is compared to mothers with average incomes under $4,000.00. This statistic was first revealed in a Congressional report by Congressmembers: Clay Shaw, Fred Grandy, and Nancy Johnson. If the issue is poverty for children, and one parent has the financial ability to raise the children out of poverty and off of welfare, that parent should be favored on the basis of the best interest of the children and tax savings to American taxpayers. The failure to support the father option for temporary custody is simply gender discrimination in favor of mothers keeping their children, even if it means the mothers preference is dependency lifestyles and a life on welfare with the children. Paying more child support is not the issue. Again, for AFDC cases, even if the child support orders were paid in full and on time, less that 5% of mothers would be off welfare without the mother also working. Therefore, a more realistic policy option is needed, and that option is positive father parenting.

FATHERS AS BABYSITTERS OF FIRST RESORT

A national policy of fathers, and fathers family members, as babysitters of first resort, would be a great national benefit to children on AFDC programs, as well as their mothers. Child care was identified during House Human Resources Subcommittee hearings on July 26-27-28-28 of 1994, as one of the two greatest obstacles for welfare mothers to deal with in finding private employment to overcome the benefits of publicly supported welfare. The other major factor was health care.

Loving fathers and family members of fathers as babysitters should be made a mandatory option for welfare mothers to pursue before they are allowed to file for paid child care. Here is a family option that has great family policy benefits, at no social or taxpayer cost. Many unmarried fathers, like the recent unmarried teenage father in Michigan who won custody of his infant daughter, have no idea of their legal rights to be involved as parents in their children's lives until a later time, if ever. A policy of father as babysitter of first resort, along with written informational materials provided to mothers in pre-natal checkups and prepared childbirth classes, as proposed by the Clinton Administration in H.R. 4605, would greatly benefit children and assist the mothers in seeking private employment or enrolling in job training programs.

A policy of father as babysitter of first resort could serve as an icebreaker for some fathers in being actively involved in the physical care of their children. This could result in more father participation in the lives of their children, reducing the likelihood that taxpayers would be forced to totally support the child until age 18.

ACCESS, VISITATION, AND PARENTING TIME ISSUES

CHAIRMAN FORD, throughout the series of hearings you have held, beginning on March 15th, and then again on July 26-27-28-29, you have asked witnesses to comment on the linkage between visitation and payment of child support. We support the policy that the two issues are interconnected and inseparable. Custody cannot remain solely a state issue while child support is both a federal and state issue, with the federal government playing a greater role.

FIRST, the American Fathers Coalition requests that we stop using the term "visitation" in its entirety. In legal proceedings, a parent with only visitation rights means a parent without all other legal rights. In reality, children have two parents, and in most cases, children spend time in two homes. Children visit neighbors and friends, not one of their parents. It is true that children may spend a majority of time in one home, but they live in two homes. Children have their names on the doors of both homes. A term such as visitation applies to VISITING PRISONERS in jail, and not to children spending residential time with the other parent. It is a denigrating term against a parent, and it should no longer be used, not in an era where both parents are assumed to have both legal rights and legal responsibilities.

MR. CHAIRMAN, the American Fathers Coalition supports the Clinton Administration in its recommendation for serious funding for enforcement of parenting time between children and their parents, in most cases between children and their fathers. Sadly, many mothers treat their children as personal property and arbitrarily withhold them from residential time with their fathers. This is wrong and provably harmful to children. The pain and suffering can last a lifetime from not knowing or seeing a parent.

FATHERS NEED HELP TO ENFORCE THEIR LAWFUL PARENTING TIME WITH THEIR CHILDREN. Fathers need help with counseling, mediation, appointment of Guardians Ad Litem, to see their children and to communicate with mothers to allow this voluntarily. However, in some cases, fathers also need assistance of law enforcement agencies to enforce their residential parenting time with their children. Today, the states do not provide money nor do they support enforcement of Custodial Interference laws. The Parent Locator Program should be available to fathers to locate their missing children. Some attorney time for fathers will be needed in cases where Writs of Habeas Corpus or Motions for Contempt may be needed to get the children away from their mothers.

Serious funding is needed, on a par with child support enforcement funding, to minimize parental kidnapping of children and holding children as financial hostages, as happens in too many cases. The mothers feel the only way they have control of their troubles lives,is to have total control of their ex-husbands or boyfriends. And the only way that can happen is for mothers to have absolute control of the children. Then, the mothers can obtain automatic sympathy for their desperate situations, and they have no father around to challenge their actions. This is the destructive cycle of fear and control that needs to be broken to stop children from being caught in the middle between conflicting parents.

The American Fathers Coalition will offer a proposed amendment to increase funding for years after the first two years. We have no problem with the initial funding that is proposed in H.R. 4605 as it will take sometime for local organizations to develop plans with local governmental authorities and make grant proposals. But after the initial period, fathers will make big demands for services as this is a major problem that has not been seriously investigated and the exact number of likely cases is unknown. Again, we commend President Clinton for beginning the first ever program of enforcement of parenting time between children and their parents. For the first time in American history, both sides of a divorce decree will now be enforced !!!

7 POINT AFC PLAN

Our intent is to take the President's Plan, H.R. 4605, and reshape it into legislation that can seriously improve the lifestyle opportunities for millions of children. OUR AMERICAN FATHERS COALITION PLAN, IS THE ONLY WELFARE REFORM PLAN, THAT GIVES CHILDREN A FATHER, AND A REALISTIC OPPORTUNITY TO ESCAPE A LIFELONG DEPENDENCY LIFESTYLE. For this reason alone, this proposal deserves serious consideration.

FATHER LOVE is the cheapest investment in the lives of AFDC children. The AFC 7-point plan, attached to this statement, is a plan for survival with dignity for one third to one half of all children on AFDC grants. This means IMMEDIATE relief with non-dependency lifestyles, within one year, for between 4,000,000 and 6,000,000 children. This means IMMEDIATELY, children are out of dependency lifestyles, IMMEDIATELY out of AT-RISK home environments, and IMMEDIATELY taxpayers not financially supporting unnecessary welfare caseloads. This policy allows fathers raising their children without even a penny of entitlement funding on a temporary three year plan. THIS IS A WIN-WIN-WIN plan at taxpayer savings of up to #100 Billion annually through reduced caseloads.

RESEARCH SUPPORT FOR POSITIVE FATHER PARENTING

On June 23, 1994, the Center on Budget and Policy Priorities made the following comment on the destructive nature of welfare lifestyles for children. They said:

"There is, however, strong evidence that poverty harms children. Poor families often live in substandard housing and have difficulty purchasing basic necessities such as food and clothing. Research has demonstrated that poor children are more likely than nonpoor children to be too short and too thin for their age. Poor children also tend to develop weaker academic skills than nonpoor children. And poor children who live in poor neighborhoods are less likely than affluent children to complete high school..."

The 1990 Census showed that 1,400,000 fathers are single parent heads of households, and is the fastest growing family unit in America. Fathers can do the job. And 44% of the children living with their fathers are girls.

Research shows that children living with their fathers compares favorably in all other areas of parenting to children in 2-parent homes, in stark contrast to underachievement levels with children living with their mothers in single parent households.

Book by Dr. Henry Biller, Fathers and Families and the Father-Factor discuss in detail the importance of father\child relationships. Father Hunger by Dr. Margo Maine goes into the detail about girls suffering from the loss of positive father parenting. The Atlantic Monthly article, April of 1993, Dan Quayle Was Right, by Barbara Whitehead continues unchallenged as a piece about the disadvantages of our current divorce system.

CHILD SUPPORT MISINFORMATION

Instead of the government destroying a middle class or working class parent, like a father, with a job and income above the poverty level, our existing CHILD SUPPORT system enforced by OCSE, makes money the only issue and degrades fathers into working poor parents, while the other parent remains on AFDC.

The reality, MR. CHAIRMAN, is that even if child support is paid in full and on time to welfare mothers, that more than 95% will stay on AFDC and not rise above the poverty level. This is why a new approach is needed.

DEMOCRATS have a hard time with this issue, but it is time the myth is challenged. DEMOCRATS boast support for unemployed men, especially laborers in many critical areas of employment all over the United States. DEMOCRATS offer support for these men through job training and unemployment programs. YET, when one of these unemployed MALE LABORING DEMOCRATS, is also a divorced or paternity father, HE SUDDENLY BECOMES A DEADBEAT DAD AND THE OBJECT OF HATRED AND ANIMOSITY. H.R. 4605, for the first time, begins to offer a new attitude about these fathers, and a more realistic need for assistance to assist the fathers into financial support for their children and\or including payment alternatives.

DEMOCRATS are also having a hard time with accurate statistics on unpaid and\or uncollected child support. Clinton Administration officials, beginning with President Clinton on June 14th in Kansas City, and Secretary Shalala in her Congressional testimony, and Mary Jo Bane of the Administration for Children and Families in her testimony have all mis-quoted and mis-stated the research of the Urban Institute.

Elaine Sorenson, the report author, said the $34 BILLION unpaid child support statistic was just a guesstimate, not a fact that should be quoted by anyone as a statistic, yet that is exactly what has occurred The $34 BILLION DOLLAR guesstimate includes payments by dead fathers, unemployed fathers, disabled fathers, teenage fathers unable to work, and also fathers with equal legal and physical custody where no child support payments could even be legally ordered. Additionally, these numbers include paternity fathers where the mothers have never even identified the fathers names so this statistic also includes fictional fathers.

This terribly misquoted statistic is wrong by a factor of nearly $700%. President Clinton has often made a general comment that bad facts-make bad policy-make bad law, or words to that effect. Here we have the President himself, misled by poor staff work, misleading the American people that unpaid child support is a $34 (court Ordered) BILLION DOLLAR problem when it is only a $5 BILLION DOLLAR problem per year. Worse yet, there is nothing Court Ordered about the $34 BILLION DOLLAR number. The Clinton Administration needs to offer the American people a statement of clarification on this number.

America's responsible fathers are being subjected to legislative terrorism based on this bad statistic, as almost every member of Congress wants tougher child support legislation even without knowing what effect it will really have. The tragic reality is that tough enforcement legislation already exists and has shown poor results, not from lack of aggressive enforcement, but they are trying to collect from people, who for the most part, just don't have it.

But, armed with statistics like $34 BILLION DOLLARS NUMBERS, Congress can easily be stampeded into new legislation that will have counterproductive results. NEW, TOUGHER, CHILD SUPPORT LEGISLATION IS NOT NEEDED !!! What is needed is positive father parenting options. The 1990 Census showed that when fathers have JOINT LEGAL CUSTODY that child support payments are made in over 90% of cases, in full, and on time. This compares to overall records with fathers paying in full and on time in about 35% of the cases. These are fathers with little or no contact with their children. The cheapest way to voluntarily increase child support payments is simply to:

LET THE FATHERS SEE THE CHILDREN !!!
STOP THE KIDNAPPING BY MOTHERS WHO HOLD CHILDREN AS FINANCIAL HOSTAGES !!!

WELFARE REFORM COSTS AND SAVINGS

President Clinton deserves credit for raising the issue of time limits and severe consequences for parents not supporting their children, financially and otherwise. Our fathers general position is that positive father parenting is the cheapest and most effective solution to nearly half of pending AFDC cases. In areas of temporary unemployment, or areas where a father can function and support the children, it is positively cheaper and more effective for the government to support the AFC plan for welfare reform than to continue supporting the existing system with only minor modification of programs and policies. YET, MR. CHAIRMAN, there is serious talk of spending millions of additional tax dollars pursuing marginal results like license revocation schemes.

Congressman Rick Santorum also deserves significant credit for establishing the certainty of total welfare costs annually in excess of combines State and Federal revenues in excess of $200 Billion. Congressman Santorum provided this breakdown for the record in the July 26-27-28-29, 1994 hearings.

The AFC proposals for 33% to 50% caseload reduction could seriously result in annual taxdollar savings of $67,000,000,000 up to $100,000,000,000. We wonder aloud how this option can continue to be avoided when the need for consideration is so great?

What is needed for the mothers though, is a clear policy, that physically having a child is not an absolute entitlement to keeping that child when totally dependent upon taxpayer financial support. On any cost\benefit assessment, FATHER CUSTODY is a more positive economic option by any measure than continuing with the existing anti-father program. The taxdollar savings scream out for attention and action.

CRIME AND WELFARE

The key factor in Congressional debate over the Crime Bill and Welfare Reform is absent fathers and fatherless children. Overwhelmingly, the children who are committing crimes, and also who are crime victims, and children from fatherless homes. America is paying a terrible price for forcing fathers away from their children. Supporting the American Fathers Coalition proposals for FATHER CUSTODY and BABYSITTER OF FIRST RESORT can have long term and wide ranging social benefits. It is time we come face to face with anti-father discrimination in our Family Law Courtrooms, because our failures and showing up every day in Criminal Law Courtrooms. And it is welfare funding that is the driving force is too many of these cases.

SUMMARY

America is facing a welfare crisis. American parents are stretched to the maximum trying to raise children in an environment where there is greater pressure to purchase and consume new products, and take priority to please yourself, than to take proper care of their children. The role of fathers has been pushed to the periphery of family life, and new values combined with new social policies are needed to bring fathers back into the social and family dynamic mainstream. Children are suffering immeasurably without positive father parenting.

Where one parent is a working parent, and able to support that child without entitlement funding, and the other parent files for welfare with the children and is unable to independently financially support the children, the working parent should be favored by written social policy over the non-working parent for temporary custody of the children. Positive struggle and national debate over new policy options will be of benefit for millions of children living in dependence lifestyles.

Even though the Clinton plan talks tough about joint financial support, they do not put policy behind it for the mothers, and in the written proposals included in H.R. 4605, fathers continue to bear the total financial burden of financially supporting their children along with the government, but not the mothers. This is not equal rights and equal responsibility that women's groups protest about !!!

CONCLUSION

The American Fathers Coalition policy proposals of FATHER CUSTODY in selected cases, and the general FATHER AS BABYSITTER OF FIRST RESORT as applied in all cases, should be adopted by Congress as part of any approved Welfare Reform legislation. Any proposal that could possibly reduce the AFDC caseload by 33% up to 50% in one year is deserving of special consideration. Any proposals that would reduce AFDC costs to taxpayers at $100 BILLION per year, combined State and Federal taxdollars, are especially deserving of consideration.

A 2-year time limit may be reasonable for selected cases where working fathers are not involved, but quicker action is needed where active fathers are involved if we are have any hope of reducing AFDC caseloads. When fathers are already employed and earning incomes above the poverty level, fathers should receive IMMEDIATE temporary custody, and allow the mothers total freedom to get their lives in order where someday they can earn above the poverty level and share equally in all areas of childrearing.

The Seattle Times

CLOSE-UP

Inattention to fathers will hurt welfare reform, advocates fear

THE SEATTLE TIMES NEWS SATURDAY, JUNE 18, 1994 A 3

BY VANESSA GALLMAN
Knight-Ridder Newspapers

WASHINGTON — In President Clinton's welfare-reform proposal, one group was largely left out of the plan to make more families self-sufficient: fathers.

The inattention to fathers illustrates a lack of appreciation for their role and will frustrate efforts to get families off welfare, say those who work with young fathers.

The legislation, aimed at getting welfare recipients into private-sector or community-service jobs in a two-year period, outlines more aggressive efforts to collect child-support payments. But it does little to encourage job-training or parenting programs for those not receiving the checks, namely the fathers.

"I think it's by design," said Derwin Brown, an Atlanta police lieutenant whose Fathers Foundation Inc. teaches young men how to raise their children.

"I don't think the system is set up to help the family unit. The goal is to relieve the tax burden but not so much to put the family back together. They have a place for black men and boys, and that's prison."

The reform proposal would let states channel 10 percent of welfare money into demonstration projects to train non-custodial parents, said Bruce Reed, Clinton's deputy assistant for domestic policy.

But with a tight budget, demonstration projects are not ensured, said Charles Ballard, founder of the National Institute of Responsive Fatherhood and Family Development in Cleveland. To be taken seriously, specific programs have to be outlined in the legislation, he said.

"The welfare system doesn't need reforming — it needs transforming," said Ballard, whose program counsels 200 fathers, including some imprisoned. "It needs a family focus with the father as the head. That's nothing against the mothers. But the mothers can't do it all."

The prime welfare program, Aid to Families with Dependent Children (AFDC), was created to help children in female-headed households. Since then, rules have been liberalized to allow families to receive aid if both parents have been unemployed for a long period. Even so, men make up less than 4 percent of welfare beneficiaries.

Fathers'-rights advocates say the government encourages welfare dependency by giving unemployed mothers sole custody of children.

"Fathers have no roles in their children's lives other than 'cash cow,'" said Stuart Miller, senior legislative analyst for the American Fathers Coalition. "The taxpayers are really subsidizing a maternal preference."

Child support is one way the administration expects fathers to increase their contribution to the 9 million children supported by AFDC. The program hopes to increase the $14 billion collected annually to $25 billion by 2000.

Eighty percent of non-custodial fathers spend less than 15 percent of their income on child support, according to an Urban Institute study.

"We concluded that the average father can pay more child support," said Elaine Sorensen, the senior research associate who conducted the study.

The fathers' coalition says that even if all child-support payments were collected, they would barely make a dent in getting mothers off welfare. The coalition proposes giving working fathers custody of children so the mothers can pursue an education or job training. Once she maintains a job paying more than $15,000 a year, she could petition the court for joint custody.

"Children living with their fathers would totally eliminate the necessity of any entitlement spending," said Bill Harrington, national director of the coalition of 17 groups.

With high unemployment among black males, the government has to give some attention to fathers who have no jobs or job skills, say those who work with them.

"They are talking about training the mothers, but they need to train the fathers," said Brown. "They could even put them in government service like they are doing with the students. That way, they know they can collect the child support."

A recent study by the Joint Center for Political and Economic Change that looked at 37 black-male-only programs in six cities found them foundering with little funding and limited training.

Some financial and technical help for these efforts, at the same time teenage mothers are being pushed toward self-sufficiency, could be a more comprehensive approach to the problem, said Ballard and others.

"Nobody can change the welfare system unless fathers become more responsible," Ballard said. "We have to change how the man thinks and feels about himself, his children and their mother."

The SUNDAY Times
PAGE A4 / SUNDAY, JUNE 19, 1994
Washington, D.C.

Fathers' welfare reform: Take custody from mothers

Group cites savings from keeping kids off public aid

By Cheryl Wetzstein
THE WASHINGTON TIMES

As child-support enforcement emerges as a key part of welfare reform, a fathers' group is challenging the presumption that children must enter the welfare system with their mothers.

"Let the fathers have the children if the mother is going to go on welfare with them," said Bill Harrington, national director of the American Fathers Coalition (AFC), based in Tacoma, Wash.

A welfare reform proposal by the coalition says "the father should be the placement of first choice if the mother applies" for Aid to Families With Dependent Children (AFDC).

Placement of the child with the father would allow the mother to finish school or go through job training until she could support herself, the proposal says.

Many fathers are "willing and able" to have custody of their children and would not go on welfare, said Mr. Harrington.

"The child should be placed in a welfare situation with the mother only if the father declines custody or proves unfit," the AFC proposal says.

Fathers of children on welfare earn an average of $15,000 or more, and many fathers are "willing and able" to have custody of their children and would not go on welfare, said Mr. Harrington, who was in town this week for an AFC symposium on fathers' issues and a Father's Day rally on the Mall.

Such father-custody arrangements, he added, could eliminate 30 percent to 50 percent of the welfare caseload in one year and would result in "real welfare reform."

Asked about the AFC idea of paternal custody, Rep. Marge Roukema, New Jersey Republican and a veteran advocate of child-support enforcement, said: "These deadbeats are trying to divert the issue."

Men who do not pay their court-ordered child support "make victims of their children" by forcing their ex-wives and children onto welfare, she said.

If the fathers want custody, she said, "they should go back to the divorce court and make a case for custody."

On Tuesday, President Clinton said he would introduce "the toughest child-support-enforcement measures in the history of the country" as part of welfare reform.

"An awful lot of people are trapped in welfare because they are raising children on their own when the other parent . . . has refused to pay child support that is due, payable and able to pay," he said.

"It is estimated that there [is] $34 billion worth of ordered but uncollected child support today in America," the president said in his Kansas City, Mo., announcement, repeating the "$34 billion" for effect.

Mr. Clinton presumably was referring to a background paper on child support produced by the White House working group on welfare reform and released last week by the Department of Health and Human Services.

That report, citing a study by the Urban Institute, said there was a "theoretical" gap of $33.7 billion between what was paid in child support in 1990 and what could have been collected.

The American Fathers Coalition, however, disputes the use of that number. "The $34 billion amount is not court-ordered amounts that are unpaid," the group said.

"The $34 billion is what could have been paid: It's an estimate," Elaine Sorensen, author of the Urban Institute report, said last week

In her September report, Ms. Sorensen had estimated that $47.6 billion in child support could have been collected in 1990 if a child-support order had been issued and paid in full in every custody case.

The actual amount paid in 1990 was $13.9 billion, leaving a gap of $33.7 billion. "But that is definitely not court-ordered payments," Ms. Sorensen said, adding that she hopes her findings will be "used properly."

According to the federal Office of Child Support Enforcement, about $10.9 billion was owed in court-ordered child support in 1992. Of that, a little more than $6 billion was collected.

Past-due child support from previous years was $23.9 billion in 1992. Of that, about $1.8 billion was paid, the agency said.

If the $4.9 billion in 1992 unpaid child support was added to the $22.1 billion of previous arrearages, the total amount of unpaid support approaches $27 billion.

Many fathers' groups blame the overdue child support on court backlogs and other systemic problems.

If the fathers want custody, Rep. Marge Roukema said, "they should go back to the divorce court and make a case."

But many members of Congress see the numbers as evidence of gross irresponsibility.

The Congressional Caucus for Women's Issues recently unveiled a child-support bill that would have child-support obligations reported on an employee's W-4 form, collections coordinated across state lines and stiff penalties for nonpaying parents.

"We decided it was time for women to speak with one voice on child-support enforcement. . . . We want to hold children harmless in the economics of divorce," Rep. Patricia Schroeder, Colorado Democrat and co-chairwoman of the women's caucus, said when introducing the bill last week with House Democrats Lynn Woolsey of California, Barbara B. Kennelly of Connecticut and Anna G. Eshoo of California and House Republicans Mrs. Roukema and Olympia J. Snowe of Maine.

The return of Ozzie and Harriet?

Poll says teen-age boys desire an American family of the '50s

By Tamar Lewin
The New York Times

A nationwide poll of teen-agers found that boys are substantially more traditional than girls in their expectations of the family life they will have as adults.

The girls surveyed were more likely than the boys to say that they could have a happy life even if they did not get married and that they would consider becoming a single parent. And 86 percent of the girls expect to work when they are married, while only 7 percent said they expect to stay home.

Among the boys, 58 percent said they expected their wives to work outside the home and 19 percent said they expected her to stay home.

A majority of the boys surveyed said that most of the boys they knew considered themselves better than girls. But most of the girls surveyed said the girls they knew saw boys as equals.

The telephone poll of 1,055 teen-agers aged 13 to 17 was conducted by The New York Times and CBS News from May 26 to June 1 and has a margin of sampling error of plus or minus 3 percentage points.

In follow-up telephone interviews with teen-agers who had taken part in the survey, the gender differences were pronounced.

Many of the boys said they believe strongly in a traditional 1950s-style marriage, in which the wife stays home, raises the children, cleans the house and does the cooking, while the husband is responsible for making the money and mowing the lawn.

"I think girls should do the cooking and cleaning because they're better at it, and boys should do the yard work and the planting," said Breton Stout, 15, of Clovis, Calif. "I know a lot of girls think it's real sexist to say they belong in the kitchen, and they think we should kick in on cleaning, but I think they're wrong. It's not a boy's job."

Seventy-one percent of the teen-agers surveyed had mothers employed outside the home, and 80 percent had fathers employed outside the home. But the belief that a 1950s-style marriage is the natural order seems to have a firm hold, even among many teen-age boys whose mothers work outside the home.

The girls surveyed were overwhelmingly committed to having careers — and far less so to making and maintaining a marriage. "I think a career is the most important thing, then children, then marriage," said Nicole Leesnan, 16, of Atlanta, Ill. "I've always wanted to succeed in a work field, maybe something like being a marine biologist.

"I know I will work. If I get married, I would want it to be with someone who did as much of the housework as me. I think girls are more liberated and guys are going to have to compromise. If they say they want their wives at home, I think it's because they want more power in the relationship."

Nicole, like 55 percent of the girls surveyed, said she would consider becoming a single parent if she did not get married.

"If I weren't married, I could imagine being a single mother," she said. "I know it's hard, but it's worth it. I just know I want children."

1213

A18 Wednesday, April 6, 1994 The Washington Post

LETTERS TO THE EDITOR

Parents Who Abuse Children

Sen. Paul D. Wellstone's "Breaking the Cycle of Violence" [letters, March 29] illustrates the fallacies in his misnamed "Child Safety Act." This act will deny funds to almost all centers now offering supervised "visitation" services, including those in his own state of Minnesota.

While Sen. Wellstone writes eloquently of his concern about the violence committed against women, the language in his bill seems oblivious to the violence that women commit against their children. Statistics compiled by almost every state child protective service agency indicate that mothers abuse their children at a rate approaching or exceeding twice that of fathers: In Texas, 68 percent of parental child abuse is committed by mothers; Alaska, 66 percent; New Jersey, more than 70 percent; and in Virginia, 67 percent. Even in Minnesota, 61.6 percent of the parental child abuse is committed by mothers. A study of inner-city child abuse in Michigan found that 49 percent of the state's total confirmed child abuse was committed by single-parent mothers. It is the children in these very homes that Sen. Wellstone's bill would claim to protect. Protect from whom?

A recent Wall Street Journal article perhaps explains why men's and women's violence against children receives so little congressional attention. During hearings on legislation purported to address domestic violence issues, persons concerned about violence against women were invited to testify, while persons concerned about the violence perpetrated by women against men and children were denied that right.

When Congress is allowed to hear only one side of the story, distorted legislation can follow. Sen. Wellstone's "Child Safety Act" is an example of what can go wrong when only one side of an issue is heard.

We are quick to support any legislation that will protect our children. Sen. Wellstone's bill fails to do so.

STUART A. MILLER
Senior Legislative Analyst
American Fathers Coalition
Washington

For information about the American Fathers Coalition 206-272-2152 Bill Harrington, or 703-255-2428 Stuart Miller

A18 Tuesday, March 29, 1994 The Washington Post

Breaking the Cycle of Violence

I was disappointed to read The Post's first editorial [Nov. 16] on the Senate crime bill, which expressed the view that my amendment to establish children's safety centers should not be part of the bill. And I was surprised to see this same view expressed in a second editorial [March 3]. As the chief sponsor of the amendment, I want to answer the rhetorical questions posed in the Nov. 16 editorial and also clarify the purpose of these centers.

Yes, of course, the federal government should be in the business of funding programs that prevent crime and help victims of crime. By helping support centers that help families with a history of violence, the federal government helps break the cycle of violence that is spilling into the streets. This is a national problem requiring a national solution. As in other cases of this magnitude, we need to marshal our resources from federal, state and local government to restore peace in our cities, in our streets and in the home.

Violence that ends in the street often begins in the home. I can't tell you how many police chiefs, sheriffs and judges I have talked with who tell me that the people they deal with all too often have been abused at home or have witnessed abuse in their home. If we address the violence at home, we will be on the road to ending the violence in the streets.

My amendment, the Child Safety Act, is a step toward breaking the cycle. It would provide funds for child safety centers across the country for families with a history of violence. These centers are far more than just places for "divorced parents [to] hand their children back and forth." They would provide a place for parents who have a history of violence or abuse to have court-ordered supervised visits with their children. These centers would provide a place for parents who have custody of their children to transfer the children to the non-custodial parent in a way that prevents violent or abusive encounters. They would be an extension of the Minnesota model of supervised visitation centers. My state has been a leader in addressing the issue of family violence. And my amendment would bring this successful approach to all states in the nation.

The statistics are startling. The National Council of Juvenile and Family Court Judges reported that more than half the men who batter their wives also abuse their children. Even children who are not physically abused themselves often witness the violence committed against a parent. Often children witness the violence in the context of visitation, when parents are separated or divorced. And, according to the Department of Justice, 75 percent of women who are battered are divorced or separated from their batterers at the time of the incident.

Providing a place where separated parents can exchange and visit their children without fear of a violent confrontation is a logical, effective way to begin to break the cycle of violence. It would be a place for families to begin to build positive relationships.

In attempting to reduce crime in this country, we should not focus our efforts entirely on building prisons and increasing penalties. We must begin to address the violence in our homes as well. For it is only then that we will begin to reduce the crime in the streets.

PAUL D. WELLSTONE
U.S. Senator (D-Minn.)
Washington

The Washington Post

EUGENE MEYER, 1875–1959
PHILIP L. GRAHAM, 1915–1963

DONALD E. GRAHAM
Publisher

LEONARD DOWNIE JR., Executive Editor
MEG GREENFIELD, Editorial Page Editor
ROBERT G. KAISER, Managing Editor
STEPHEN S. ROSENFELD, Deputy Editl Page Editor
MICHAEL OFFLER, Deputy Managing Editor

THOMAS H. FERGUSON
President and General Manager

VICE PRESIDENTS
BENJAMIN C. BRADLEE, At Large
MICHAEL CLURMAN, Production
F.J. HAVLICEK, Industrial Rels./Environment
STEPHEN P. HILLS, Advertising
BOLSTEULLET JONES JR., Counsel
ELIZABETH ST. J. LOKER, Systems and Engineering
THEODORE C. LUTZ, Business Manager
VINCENT B. REZO, Continuations
MARGARET SCOTT SCHIFF, Controller/Pers./Admin.

Published by The Washington Post Company

KATHARINE GRAHAM
Chairman of the Executive Committee

DONALD E. GRAHAM
Chairman of the Board and Chief Executive Officer

ALAN O. SPOON
President and Chief Operating Officer

1150 15th St. N.W. • Washington, D.C. 20071 • (202) 334-6000

Sole custody disastrous for children

One of the most destructive features of our time is the breakdown of the family. Nearly everyone recognizes that this development, snowballing since the 1960s, generates a wide range of social trauma. The insidious side effects of welfare, like the outdated obsession of family courts with single-parent "custody," have stripped a whole generation of children of one of their parents.

Eugene Narrett

Although the single-parent lifestyle option pleased Murphy Brown, there is no question that it is a disaster for children.

The sole-custody option causes intense suffering to parents and children, and the scope of the carnage is enormous. One and a half million children a year in this country are separated from one of their parents by a court system gone astray. As with welfare, society absorbs the costs of the individual traumas, and trauma is not too strong a word.

The most thorough study of the effect of sole custody on children and parents was conducted by researchers Judith Wallerstein and Joan Kelly. They record the struggles of the non-custodial "visitor" parent to provide a portion of nurturance under near-impossible constraints of time

They note how the visitation model often leads to decline in contact between the children and non-custodial parent whose visits themselves can be, and often are, undermined with impunity by the custodial parent.

And with this loss of contact, comes further loss of grandparents and extended family. As a result, the authors observe that "single-parent custody may eventually truncate half of a child's kinship network."

Modern American culture alone fails to recognize how damaging this is to children's sense of well-being.

The terrible similarity between the effects of welfare and our family courts can be simply summed up. Both show contempt for the relationship of children with fathers. Both systems destroy what they should promote, and reward behaviors they should prevent.

But there are signs that these terrible situations at last are being constructively addressed. While the president and Congress, and our own Legislature, wrestle with reforming welfare so that it encourages rather than undermines family bonds, there are some local heroes, a hero and heroine to be precise, who are working to make our family courts less destructive in dealing with divorce.

State Rep. Karen O'Donnell, D-Waltham, understands that the needs of children in divorce go far beyond the political sloganeering of deadbeat wanted posters. She cares enough to have done the research.

The 1993 reports of the National Census Bureau, for example, shows that 91 percent of parents who have shared ("joint") custody of their children pay their child support in full. This compares with about 70 percent compliance by those who have visitation only, and 43 percent by those with little or no visitation.

The evidence is clear: kids need not only material support, they need their parents, both Mom and Dad, after divorce perhaps even more than before. And as the evidence shows, the best way to ensure that they get material support, is to ensure they get the parenting they need as well.

So O'Donnell has sponsored H3081, to make shared parenting the rule rather than the exception in our family courts. And because kids love and need their grandparents too, she has followed through with H3980, to provide visitation rights for grandparents of children whose parents are divorced.

Similar healing work is being done by the Children's Rights Council (CRC) and its tireless director, Michael Pitts.

"I've seen the inequalities and adversariality of the divorce system," Pitts recently remarked. "I've seen the damage it needlessly inflicts on families. I know there's a better approach in giving both parents responsibility to care for the child."

CRC currently is organizing parenting education workshops to meet Aug. 6. The class, which includes certification from the National Safety Council in Infant and Child First Aid, is modeled on a successful program for reducing stress during divorce. Focus areas include building positive working relationships with school officials; child nutrition and pediatrics; and the importance of both support payments and unimpeded access for the non-custodial parent.

The class and others like it are a model for the Act to Improve the Economic Security of Children, which the Legislature approved.

There are signs that these voices of healing are finding their counterparts in Washington. On taking office, David Gray Ross, the recently appointed director of Child Support Enforcement, stated that "this administration is committed to trying new ways. Children need and deserve two parents, four grandparents, and extended families."

Eugene Narrett teaches literature and writing at Framingham State College. His writings on art and cultural issues have appeared in numerous publications in the Boston area.

1215

Welfare Reform -- No Room for Daddy?

American Fathers Coalition - 703-255-2428 - 2000 Pennsylvania Avenue, Suite 148 - Washington, DC 20006

Welfare reform proposals being offered by Congress and the White House contain an unfortunate omission -- they fail to give children a father. Welfare reform cannot be accomplished unless reformers are willing to put fathers back in the home.

7 Steps to Welfare Reform and Healthy Children

The AFC plan gives children a father, and makes mothers and fathers both financially responsible for the children they bear. Under the present system and under all "reform" proposals, mothers collect benefits for having children out of wedlock and bear no responsibility for repaying those benefits. Until the person who actually receives the benefits is held responsible for repaying the cost of those benefits, welfare will continue to be an incentive for having children out of wedlock. And, until children are allowed to have fathers, they will continue to be at high risk for school drop-out, delinquent behavior, and unwed, teenage parenthood.

The AFC makes the following proposals:

1) Custody: The father should be the placement of first choice if the mother applies for AFDC.
This simple change in procedure will immediately cut the AFDC rolls in half, save government 100s of millions of dollars, and provide children with solid, loving homes.

2) Paternity establishment: Establish a legal link between mother, father, and child at the time that paternity is established.
Forms used to establish paternity should also lay the groundwork for a custody / visitation arrangement.

3) Financial Child Support: Both parties should be held responsible for supporting the child according to their ability to earn.
Financial child support obligations should be assigned to both parties based on their ability to earn. This means that mothers who now receive AFDC-related benefits will bear some of the responsibility of repaying government for those benefits, making the AFDC / welfare lifestyle less desirable.

4) Accountability: Recipients of AFDC benefits should face some form of accountability for how those benefits are spent. AFDC benefits should accrue to the benefit of the children, as should financial child support payments. Some form of accountability is required for all other government third-party payments.

5) Incentives for payment of financial child support: States should be required to implement custody and visitation presumptions that are proven methods of encouraging voluntary compliance with financial child support laws. Mothers report in census data that fathers who have joint custody pay child support at rates exceeding 90%. Fathers who have "visitation" pay at rates approaching 80%.

6) Inability to pay financial child support: Due to unemployment or underemployment, many obligors fall behind in financial child support payments. Giving those obligors preference at employment agencies enhances the possibility that they will resume support payments. A system of prioritizing should also include any person who is the sole support of a family.

7) Financial child support -- poorly trained and uneducated parents: Job training and skills enhancement programs should be provided to parents who are unable to meet their financial child support obligations. These parents should be required to reimburse government for the cost of their training. The federally funded Parents Fair Share program has been very successful -- 90% compliance in AFDC cases.

The AFC Welfare Reform Program gives the child a Father, a Family, and a Future!

Welfare Reform -- No Room for Daddy?

American Fathers Coalition - 703-255-2428 - 2000 Pennsylvania Avenue, Suite 148 - Washington, DC 20006

Welfare reform proposals being offered by Congress and the White House contain an unfortunate omission -- they fail to give children a father. Welfare reform cannot be accomplished unless reformers are willing to put fathers back in the home.

Children growing up in a welfare system predicated on absent or driven-away fathers are doomed not just to a life of poverty but to a life filled with early pregnancy, school dropout, and delinquent behavior. Children who grow up without a father present, even when adjustments are made for income, are 375% more likely to need professional assistance for emotional problems, twice as likely to repeat a grade of school, and more likely to suffer a wide variety of other disorders including anxiety, peer conflict, and hyperactivity.[1] While television and the movies gather headlines as the motivation behind teen violence, school administrators blame "family breakup" for violence in the schools.[2]

The presence of fathers is necessary for children to develop the cognitive, moral, and disciplinary skills needed to succeed in life. Psychologists have determined that children benefit from what Henry Biller, Ph.D. describes as the "Two Parent Advantage." Dr. Biller explains the need for father presence:

> *Much more attention must be directed at positive paternal involvement in order to provide the best family involvement for the physical, cognitive, emotional, social and moral development of children. Important findings have underscored the significance of 'The Father Factor' through pregnancy, infancy, childhood, adolescence, and adulthood. The father's active involvement helps his son and daughter develop a secure body image, self-esteem, moral standards and intellectual and social competence. The quality of the early father-child relationship is linked to the son's and daughter's later adjustment in adolescence and adulthood.*[3]

As fathers have been excluded from their children's lives, with the marriage rate falling and the divorce rate rising, SAT scores have fallen to all-time lows while teen births and the crime rate have exploded. The divorce rate, teen birth rate, and the crime rate each doubled between 1975 and 1990. SAT scores fell in 1975 and then dipped below 900 for the first time in 1980. They have remained at that low level.[4] Children whose parents divorce or have never married are at high risk. Children who have significant contact with both parents, regardless of marital status, appear to be at much lower risk.

---

[1] National Center for Health Statistics, June 1991. Study of 17,100 children in various family structures. Children living with a mother and step-father fared worse on most indicators.

[2] Survey by the National School Boards Association as reported in the *Washington Times*, January 1994. 77% of school administrators blame "family breakup" for violence in the schools.

[3] *The Father Factor and the Two Parent Advantage: Reducing the Paternal Deficit*, pg. 1. Henry Biller, Ph.D., Psychology Department, University of Rhode Island. April 15, 1994.

[4] "Index of Leading Indicators." *Washington Times*. March 16, 1994.

We have come to know two very important things about family / welfare policy:

a) Until the person who receives the benefits bears some responsibility for reimbursing the government for those benefits, the incentive for unwed pregnancy will continue, and

b) Until government policy allows fathers to become involved with their children, those children will continue to be at high risk for criminal behavior, teen pregnancy, and numerous other social abnormalities.[5]

The American Fathers Coalition (AFC) has a bold new plan for welfare reform, a plan rooted in solid family research and responsive to the needs of the children born to a fatherless welfare system, a plan that will begin by cutting the welfare rolls in half. The AFC plan promises to break the cycle of poverty while filling the missing link between a normal childhood with a promising future and a dead-end childhood that promises only poverty and prison. The AFC plan gives children a father!

7 Steps to Welfare Reform and Healthy Children

The AFC plan gives children a father, and makes mothers and fathers both financially responsible for the children they bear. Under the present system and under all "reform" proposals, mothers collect benefits for having children out of wedlock and bear no responsibility for repaying those benefits. Put simply, mommy receives the money (and benefits), daddy is required to pay it back. Until the person who actually receives the benefits is held responsible for repaying the cost of those benefits, welfare will continue to be an incentive for having children out of wedlock. And, until children are allowed to have fathers, they will continue to be at high risk for school drop-out, delinquent behavior, and unwed, teenage parenthood.

Those points are important enough to repeat:

> Until the person who actually receives the benefits is held responsible for repaying those benefits, welfare will continue to be an incentive for having children out of wedlock. And, until children are allowed to have fathers, they will continue to be at high risk for school drop-out, delinquent behavior, and unwed, teenage parenthood.

---

[5] *Facts at a Glance*, pg. 1. Child Trends, Inc., January 1994. "Teenage mothers are more likely to have daughters who have babies as teens themselves." Analysis of the data indicates that the rate is twice that of non-teen mothers.

The AFC makes the following proposals:

1) Custody: The father should be the placement of first choice if the mother applies for AFDC. This simple change in procedure will immediately cut the AFDC rolls in half, save government 100s of millions of dollars, and provide children with solid, loving homes.[6]

Placement with the father allows the mother to finish school or to be placed in a job training program until such time as she can adequately support herself. The child should be placed in a welfare situation with the mother only if the father declines custody or proves unfit. Fathers make unusually good parents and most will gladly accept the responsibility of parenthood.[7]

2) Paternity establishment: Establish a legal link between mother, father, and child at the time that paternity is established.

80% of unwed fathers visit their newborn children at the hospital.[8] Within a few short months, these fathers will have been driven away from their children, uninvited by the child's mother or threatened by her family or new boy friend. This first precious link between father and child must be encouraged and allowed to bloom. Forms used to establish paternity should also lay the groundwork for a custody / visitation arrangement.

The White House and the Office of Child Support Enforcement (OCSE) have received samples of a revised form that would establish a clear custody / visitation intent, thereby giving father and child a solid link. This form should be incorporated into the paternity establishment procedure.

3) Financial Child Support: Both parties should be held responsible for supporting the child according to their ability to earn.

Financial child support obligations should be assigned to both parties based on their ability to earn. This means that mothers who now receive AFDC-related benefits will bear some of the responsibility of repaying government for those benefits, making the AFDC / welfare lifestyle less desirable. Simply threatening to sever

---

[6] Estimate based on one-half of fathers obtaining custody.

[7] Interviews with family counselors specializing in divorce issues indicate that unwed fathers consider maintaining contact with their children as their first concern and most would chose to have custody of their children.

[8] David Ross, Director, Office of Child Support Enforcement. Comments at the 1994 Children's Rights Council Conference. April 15, 1994.

payments after a predetermined period of time will have little or no effect on the rate of unwed pregnancies. Such plans provide for job training or educational benefits, sending the message "have a child and gain a job."

Under the present system, the mother who fails to establish a live-in relationship with the child's father receives food stamps, subsidized housing, medical care, and cash -- and she has no responsibility to repay the money, the government looks solely to the father for repayment. Subsequently, unwed pregnancy and childbirth have become a "job" for too many women.[9] In 1960, only 15% of teen births occurred outside of marriage, in 1991, 69% occurred outside of marriage.[10] More than 25% of all births are to unwed mothers.[11] The failure rate among users of contraception is approximately twice as high among "poor" women as among "non-poor" women.[12]

Teenage pregnancy rates reflect this trend. Data compiled by Child Trends, Inc. indicate that 18% of teen pregnancies resulted from a decision by the mother to become pregnant, 40% resulted from the mothers' ambivalence toward pregnancy, and 42% of teen pregnancies were terminated (abortion).[13] [14]

Requiring that the mother accept responsibility for repayment of government benefits will discourage out-of-wedlock births and welfare dependency.

4) Accountability: Recipients of AFDC benefits should face some form of accountability for how those benefits are spent.

AFDC benefits should accrue to the benefit of the children, as should financial child support payments. Some form of accountability is required for all other government third-party payments (social security payments for third parties, foster care payments, etc.). Complaints are often heard of mothers using AFDC payments to purchase crack or alcohol while her relatives care for the children.

---

[9] *Facts at a Glance*, pg. 2. Child Trends, Inc., January 1994. "Among never-married mothers aged 18-44 in 1992 ... 43% were neither working nor looking for work."

[10] "Trends in Teenage Fertility", pg. 13. Child Trends, Inc., May 4, 1994.

[11] "Quiet Crisis Affects Millions of Our Youngest Children." Carnegie Corporation. April 12, 1994.

[12] "Trends in Teenage Fertility", pg. 26. Child Trends, Inc., May 4, 1994.

[13] *Facts at a Glance*, pg. 2. Child Trends, Inc., January 1994. "Ambivalent teens were just a likely to have a baby during the next two years as teens who unequivocally wanted a child."

[14] "Trends in Childrearing and Implications for Reform", State-Federal Assembly, National Conference on State Legislatures. Presentation by Child Trends, Inc., May 4, 1994.

Accountability might be accomplished by filing a simple form at year-end outlining how the monies were spent, or receipts might be retained for a specified period as is required of business expenses by the IRS.

5) Incentives for payment of financial child support States should be required to implement custody and visitation presumptions that are proven methods of encouraging voluntary compliance with financial child support laws.

Mothers report in census data that fathers who have joint custody pay child support at rates exceeding 90%. Fathers who have "visitation" orders pay at rates approaching 80%.[15] States operating Federal Access Grants have found a significant increase in voluntary compliance with financial child support orders when "visitation" is awarded and enforced.[16]

States should be encouraged to award joint custody and provide strong enforcement of visitation in AFDC cases.

6) Inability to pay financial child support Due to unemployment or underemployment, many obligors fall behind in financial child support payments.

Census data, based on mother self-reporting, indicates that 66% of obligors who have been ordered to pay support and who fail to do so simply cannot pay.[17] Giving those obligors preference at employment agencies enhances the possibility that they will resume support payments. A system of prioritizing should also include any person who is the sole support of a family. Language might read as follows:

> The (state employment) Commission shall assign priorities based on the needs of the family of the individual seeking employment. Individuals with children to support in families where no one else is employed full time and individuals who have a child support obligation shall be of first priority. The purpose of the priority system is to provide jobs for families with children.

7) Financial child support -- poorly trained and uneducated parents Job training and skills enhancement programs should be provided to parents who are unable to meet their financial child support obligations. These parents should be required to reimburse government for the cost of their training.

---

[15] *Child Support and Alimony*, pg. 7. Bureau of the Census, Series P-60, No. 173. September, 1991. "A higher percentage of fathers with joint custody pay the [financial] child support due (90.2 percent) than fathers who have visitation privileges (79.1 percent) and those without visitation or joint custody provisions (44.5 percent)."

[16] See February 4, 1994 letter: Dick Woods (Director of the Iowa Access Grant) to Congressman William D. Ford.

[17] GAO/HRD-92-39FS. *Mothers Report Receiving ...*, pp 19-20. January, 1992.

A study by the Institute for Research on Poverty at the University of Wisconsin-Madison found that "dead-beat dads" were really impoverished dads. In their comprehensive study, they found that "... 52% of the nonpaying fathers had incomes of less than $6,155 per year ... ."[18]

The Parents Fair Share Program, a federally funded pilot program operated in 9 states, has achieved 90% compliance with financial child support orders by providing education and retraining for unemployed and underemployed obligors whose children are receiving AFDC benefits. Participants are also enrolled in peer support groups to assist them with the development of parenting skills while assuring that they remain involved with their children. The cost is $1,400 per participant.

The *Washington Post* reported, "The two-year project demolished some stereotypes attached to parents who are delinquent in child support."[19] Testimony before the House Ways and Means Committee further illustrates the desire for fathers to be involved with and to help support their children:

> *... The PFS pilot experience ... lays bare several sobering realities about the potential of 'enforcement only' strategies for increasing (financial) child support collections from the parents of AFDC children. ... The hard truth is that many noncustodial parents do not pay because they have no income. Before they can pay, they need jobs.*[20]

This American Fathers Coalition Welfare Reform Program gives the child a father while discouraging unwed pregnancy and encouraging family formation. The American Fathers Coalition plan takes a giant step toward breaking the cycle of poverty and providing children a stable environment that discourages delinquent behavior and encourages personal responsibility, academic achievement, and social competence.

The AFC Welfare Reform Program gives the child a father, a family, and a future!

CONTACT: American Fathers Coalition
Stuart Miller: 703-255-2428

---

[18] *Dallas Morning News*, pg. 5. April 26, 1993.
[19] *Washington Post*. February 11, 1994.
[20] Gordon Berlin, Senior VP, Manpower Demonstration Research Corporation. Subcommittee on Human Resources, House Ways and Means Committee. March 15, 1994.

AFC
THE AMERICAN FATHERS COALITION
2000 Pennsylvania Ave., N.W., Ste. 148
Washington, D.C. 20006
703-255-2428 : 206-272-2152

Friday, June 17, 1994

Has Our Government Gone Nuts?

First they take our children away from us, then they take our children's money, Now they want to put our children up for adoption.

All we want is our children!

>>>>>>>>>>>>>>> <<<<<<<<<<<<<<<

Give Daddy Custody

Allowing father to take custody of a child who might otherwise be on welfare will immediately cut the welfare rolls in 1/2. Counselors working with men who have out-of-wedlock children find them ready and willing to take custody of their children. If just 1/2 of these men could raise their children without having to collect welfare benefits, government would save billions, the AFDC rolls would be cut in 1/2, and children would have solid, loving homes. There can be no true welfare reform until father custody is considered a viable, even preferable, option and until fathers are valued for the love they give their children.

Now is the time for government to stop talking about father involvement and do something about it. Fathers want their children, the children want and need their fathers -- but government is not listening.

>>>>>>>>>>>>>>> <<<<<<<<<<<<<<<

Fathers Shocked at Recent "Adoption Option" Proposals

Fathers were shocked to find that think-tankers and some high government officials are suggesting that mothers be given an "adoption option" if they must rely on welfare. We fail to understand why they would rather see a child placed for adoption than allowed to live with a loving father.[1]

<u>The AFC Welfare Reform Program gives the child a Father, a Family, and a Future!</u>

[1] "Public policy should help place infants in good adoptive homes for mothers who so chose." "News -- For Immediate Release". "Dulles Group Releases Alternative Welfare Reform Declaration". Free Congress Foundation. 202-544-3200. May 12, 1994

>>>>>>>>>>>>>>> <<<<<<<<<<<<<<<

Present AFDC System Allows Govt. to keep the Child Support We Pay
AFC Calls for 100% "Pass-Thru"

The American Fathers Coalition today called for a change in Federal and State regulations to allow children receiving AFDC benefits to receive the financial child support paid by their fathers.

Under present Federal law, only $50 of each child support payment is "passed-thru" to the child, government keeps the remainder.

Example: Rep. Anna Eshoo (D-CA) states that an average of $217 per month child support is paid in AFDC cases.[2] Using her average payment figures:

Father pays $217 per month child support.
Mother and child receive AFDC and other welfare benefits.
Mother and child receive $50 of the father's financial child support payment.
Government keeps $167 of the financial child support payment.

It's time that government stopped taking food out of our children's mouths.

The AFC demands that the $217 the father pays go to the child, not to government. Let government find other ways to balance its budget and stop trying to balance it by taking food out of the mouths of our children.

>>>>>>>>>>>>>>> <<<<<<<<<<<<<<<

Holding Mothers Responsible for Supporting Their
Children Will Deter Out-of-wedlock Births

Under the present system, and under most "reform" proposals, mothers collect benefits for having children out of wedlock and bear no responsibility for repaying the cost of those benefits.

Mommy gets the benefits -- Daddy has to reimburse government for those benefits -- Mommy does not have to provide 1 cent toward the support of the child she chose to have. Where is President Clinton's equal parental responsibility mandate?

Until mothers are required to pay their fair share of their children's support, and until they are required to help reimburse government for the benefits they receive, becoming pregnant out of wedlock will continue to have no negative implications.

NO Fathers = NO Future = NO Reform

(page 2 of 2)

---

[2] "Rep. Anna Eshoo Media Information", 202-225-8104. June 8, 1994

AFC
THE AMERICAN FATHERS COALITION
2000 Pennsylvania Ave., N.W., Ste. 148
Washington, D.C. 20006
(703) 255-2428 (Telephone)
(703) 255-2454 (Facsimile)

Contact: Stuart A. Miller
Press Contact/Senior Legislative Analyst

For Release: FRIDAY - APRIL 15, 1994 - 8:00 AMEDST

WELFARE REFORM IS FOR FATHERS TOO !!!

President Clinton's welfare reform program is doomed to limited success or outright failure if it does not include positive father oriented proposals. Previous national efforts at family policy and welfare reform in 1984 & 1988 have not succeeded in helping children, in part, because the approach was anti-father. The question remains whether this new White House effort will move in a father inclusive direction .

Issues such as enforcement of parenting time between children and fathers (non-custodial parents) and an increase of identity of paternity fathers and establishing rights of unwed fathers, up from the national average of just 17%, are real issues for today's responsible fathers.

Robert Lerman, Economics Professor from American University, in a soon to be published article on priorities in welfare reform argues that "measures to expand non-welfare supplements, mandate work, and take fathers seriously offer the best chance to reverse the disturbing trends toward illegitimacy, welfare dependency, and chronic poverty".

Leaders of the American Fathers Coalition, an umbrella of fathers' rights organizations, presented several policy proposals to the White House Welfare Reform Working Group in December. Several of these proposals need to be included in President Clinton's formal to Congress if it is to have any chance to be approved and to succeed.

In a telephone briefing on March 25th, in response to the December meeting, a member of the Working Group has indicated to the American Fathers Coalition that support exists within the draft proposals for some of the father oriented policy proposals they had requested. However, nothing in writing has been published on these issues.

In today's world every effort should be made to keep fathers involved with their children when parents separate. Every other weekend is institutionalized child abuse when mental health experts know it takes a minimum of 8 overnights per month to maintain the close parent/child psychological and emotional binding that gets children through tough times.

The number of fatherless children in America is nearly 20,000,000 with 6,500,000 children having no contact at all. This is an apartheid condition in America, and it calls out for major remedies to help our children.

Positive family preservation intervention policies are needed rather than separation and limited parental contact policies. Existing anti-father government policies, such as every other weekend parenting time, and policies that allow children to be held away from fathers as financial hostages by their mothers, are the single largest causes of fatherless children in today's world.

One major reform that would help meet President Clinton's mandate to "end welfare as we know it" would be to remove government policies that restrict government assistance to unwed fathers to become the primary residential parents when the parents first separate and seek official assistance. This anti-father discrimination ultimately discriminates against children.

Why is it our policy to support mothers taking children into poverty when for 25-40 % of unwed fathers, who statistically have incomes over $15,000, and want to be involved in daily parenting, are rejected aid simply because they are fathers and they have a job. This new policy would totally avoid dependency lifestyles and experiences for the child. Additionally, there would be no entitlement costs to support the responsible fathers.

Real welfare reform would emphasize education for the mothers, not make work programs. After two or three years of real education, and work for one year above the poverty level, the mothers could petition the Court for more parenting time, and the policy at the time should be joint custody and shared parenting schedules. This is a win-win policy for children and fathers, a win-win strategy for our society, and a cost saving plan for the taxpayers.

President Clinton wins by having a real 2-parent policy in place that effectively helps needy children.

THE FATHER'S QUESTION TO THE WHITE HOUSE:

"IS ANYONE LISTENING ?"

TESTIMONY OF: STUART A. MILLER
AMERICAN FATHERS COALITION
2000 PENNSYLVANIA AVENUE, N.W., STE. 148
WASHINGTON, D.C. 20006

on

H.R. 4570 - "THE CHILD SUPPORT RESPONSIBILITY ACT OF 1994"

Before:

THE COMMITTEE ON WAYS & MEANS;
SUB-COMMITTEE ON HUMAN RESOURCES

My name is Stuart A. Miller and I am the Senior Legislative Analyst for the American Fathers Coalition (AFC). The American Fathers Coalition is a national think-tank that is comprised of college professors, clinical psychologists, pediatricians, attorneys, law enforcement experts and business professionals. Our primary focus is to evaluate and promote positive father-inclusive policies on the Federal legislative level. Nearly every study indicates the importance of fathers in children's lives. Strong two-parent families are the cornerstone of our country and the decline of this unifying family structure has caused a heavy toll to be placed on society's shoulders, which we are all realizing is difficult to cope with.

Even when parents are divorced, continued involvement of both parents, equally sharing the rights and responsibilities of parenthood, in the children's lives, is at least as desirable as we hold it to be in intact families. Children of divorce are all the more vulnerable, and not just to economic risks; so are their parents. Ignoring the needs and vulnerabilities of such children at the sole exclusion of how much money one parent is entitled to receive from the other, in the name of child support, without any accountability, without regard for the fundamental due process rights and liberty interests of the payor parent being increasingly hounded by a system of income transfers far more draconian than any other ever devised, is at the very least demeaning to the children.

We at the American Fathers Coalition view with alarm, the hysteria with which the principle of "supporting one's child" is being dramatically revised without much social debate; a stereotype being created and demonized with increasingly loud propaganda; and the police powers of the state being brought to bear in private disputes far beyond that justifiable in the name of societal interest. My testimony below touches upon only selected portions of the proposed legislation which we feel to be unfair, unworkable, or against the interests of children. I urge all you honorable members of our Congress to remember that diminishing a parent diminishes the child, and that unless you exercise some brake on the riotous frenzy with which "child support enforcement" is being transformed into a privatized welfare scheme, taxation without representation, one-on-one retribution for the "crime" of parenthood, we will have far, far more serious problems to face in the years to come. Time is certainly ripe, if it was not already, to take a calm look at the problems of parents and children in our society and devise solutions which really help everyone, or most people, rather than create more misery or merely redistribute it.

Section 401 - Direct Wage Withholding

The proposed legislation is unduly vague, overly restrictive, unfair to the employers and child support obligors, and creates unwarranted interference in the system of due process rights developed over this country's history.

1. I submit that the phrase "regular on its face" is vague, and creates a potential for fraud and mischief. I know of at least one case where the District of Columbia Superior Court's Family Division staff issued a withholding order across state lines even when it had no statutory or regulatory authority to do so, the underlying support order was not enforceable via withholding even within the District's borders, and such direct service patently violated District's own statutes and regulations as well as those of the US. The employer in question received the withholding order, was misled into thinking that he was required to comply with it, and only years later was informed, by the same staff of the DC court which had kept sending him such orders over the years, that he did not have to comply with the orders, after all. He stopped immediately, and the payor challenged the withholding orders before the DC court. The court found that violation of statutes was merely "technical error" and that the employer had "voluntarily" complied with the withholding orders (which had threatened him with penalties if he had not complied). Was each one of these withholding orders "regular on its face"? Not under the current state laws, which make them unrecognizable outside of the jurisdiction which issued them. Under the proposed legislation, any formidable-looking but real court order, or for that matter any piece of paper typed up and made to look like a court order, would qualify as "regular on its face".

The problem I cited in the case above, of "interstate direct service", is far more pervasive than a single case, and is illegal, as recognized by the US General Accounting Office, the Interstate Child Support Commission, and the drafters of UIFSA. It arose because of the IV D agencies' deliberate disregard of applicable law and regulations, motivated by the Federal incentive payments, entrepreneurial zeal (as would certainly be expected when you create a system of perverse incentives), and complete lack of oversight by the Federal Department of Health and Human Services when it came to enforcing its own regulations. Rather than "strengthening" the child support enforcement system, the direct withholding provision of the legislation is a trick to legalize the patently illegal practice of the IV D agencies.

Although the phrase "regular on its face" has been in legal use for a long time, it is in the context of applicable law of a single, particular state. If an employer receives an order from a court or an agency of his own state, he can easily verify it; in case of problems, that employer has the privileges and immunities of the state in which he does business. Even when standardized withholding forms are mandated, there is a risk that an employer is simply unable to determine whether the order is, indeed, "regular on its face", or that such determination would cause him a business expense he would rather not incur.

2. I am also disturbed by the "three day" employer compliance requirement under Section 401. This is an impractical burden to impose on employers who would face a $1,000 fine for non-compliance with this section. In the absence of a standardized withholding form or applicable regulations, I cannot even tell what "compliance" might mean under this section. If it means deduction and forwarding of monies to some third party, at the very least it would reap havoc ,with employers' timesheet and paycheck cycles, which are often bi-weekly or monthly.

The employer is not given the opportunity, or the responsibility, to verify the request for wage withholding with the employee or the government that has requested the withholding. Yet, he is expected to withhold wages from an employee without question or face penalties. This type of legislation will have a negative impact on all employers and employees. As an employer, I may be disinclined to employ anyone who has children, on the off chance, that a child support order, some time in the future, may be placed against him or her because my company may be placed at risk for non-compliance.

Even so, the expectation that any and every employer can be reasonably expected to within three days, not even three "business" days, start issuing checks of the amounts asked for, belies ignorance of business world's realities. The Federal government itself has, for example, shown a tremendous ineptness at processing paper work, often delaying payments to its contractors hundreds of days beyond the due date. How the government can expect private industry to perform at such a drastically increased speed is somewhat puzzling, to say the least.

The possible counter-argument that a custodial parent just does not have the luxury of anybody using any standards of reason, prudence, or fairness, and must be paid by whoever and whenever, upon demand, would only demonstrate the utter lack of balance in a debate on child support reform that is sorely needed but choked off by the abortive attempts of the zealots who see non-custodial parents merely as indentured laborers.

To cite an example of this inappropriate policy, allow me to offer the case of a father, who is a DC corrections officer at Lorton, and who lives in Virginia. His paychecks come from Washington, DC, his child support is withheld in Washington, DC, and transferred to Virginia where he and the mother of his child live. He was injured at work and received worker's compensation which was substantially lower than his regular pay yet his child support was not lowered to comply with the child support guidelines (even though, under the language of the withholding orders from DC, his employer was required to inform the DC court of change in his income and further that any such information is usable by the DC court in upward or downward modification, beginning with the date of notice). Because the judge's hands were tied, he could not retroactively modify the child support thereby creating a huge arrearage. When able to return to work, the father was promptly hauled into court for having not complied with the child support order and arrearages were established. He entered into an agreement whereby the regular child support would be withheld from his paycheck and an additional amount towards the arrearages. The arrearages have long since been paid, yet the DC government, his employer, has for several months now been still garnishing his wages with the current child support and non-existent arrearages! To date, the employer has wrongfully withheld thousands of dollars of the father's money, which they will not return to him or credit toward future support payments. Its excuse is that it cannot stop the additional, wrongful amounts because of the length of time it takes to process the paperwork. Granted, this sounds like an unusual case but it is, unfortunately, commonplace. I believe the DC government is liable to the father for all improper withholdings, under Federal as well as DC Municipal regulations, and may also be liable for additional damages. DC government may well want to expose itself to such liabilities (from both sides, since it is only another part of the same government which has failed to modify the withholding order), but I doubt any private employer would. Why should I, as an employer, expect that a withholding order that I receive today is legitimate and I must comply without question or face penalties?

3. Under this same section, service by first class mail is offered to be sufficient service. I do not mean to be facetious, but given what we know about the quality of first class mail service right here in DC, I wonder how anyone can put so much reliance on prompt and proper service. At a more serious level, I believe the appropriate standard should be the rules of service of process within the jurisdiction of the employer. After all, the employer is only bound by the laws of his jurisdiction, is not a party at interest in the proceedings between two parents or between one parent and the IV D agency. I also urge that, at the very least, the applicable rules of service of process take into account the laws which specify who in a corporation is entitled to accept service, and that if first class mail is to be used for withholding orders, certified mail with signed return receipt requested must be mandated. To flout or legislatively erode the laws and rules of service of process is a dangerous and slippery path, inviting constitutional challenges. Employers would either risk considerable liabilities for violation of due process rights, or take the safer course of discriminating against child support payors. Even if the child support enforcement system (which a cynical friend of mine characterizes as Maternal Revenue Service) were to be made merely as routine as the Internal Revenue Service, we need to include similar considerations of simplicity, protection of individual rights, and enforceability as we do with our tax system.

4. I also find it extremely troubling and confusing that the proposed legislation absolves the employer from liability for "wrongful withholding". I may be naive, but I wonder if the drafters of this particular section meant to hold the employer harmless *except* for "wrongful" withholding, even while failing to define "wrongful". If withholding is "wrongful", and if the employer is not liable, then just who is? The court or the administrative agency which had some low-level staffer signing off in the name of the Clerk of the court or the director of the IV D agency? The unintended beneficiary of the support order, namely the custodial parent? Or is the proposed legislation suggesting that "wrongful" withholding can take place without anyone being responsible, since non-custodial parents are fair game to the point of last drop of their blood?

I suspect, once again, that the legislative intent here is to perpetrate a slimy trick, along with legalization of the heretofore illegal direct service of withholding orders (except in case of states which already allow such service, potentially in conflict with US constitutional law). To go back to the first example I cited of DC court's staff direct interstate service, the court has declared that its staff's violation of statutes and regulations was "technical error" even though rather an example of gross negligence and malign encroachment on the payor's and the employer's procedural as well as substantive due process rights. One of OCSE's own publications, written by the current assistant to the Deputy Director of the OCSE, has expressed the view that both the employer and the agency which issued the order are liable, to the payor, for violation of due process rights and other laws and regulations. Yet, nobody seems to care that IV D agencies and their contractors flagrantly abuse their powers, affording the non-AFDC custodial parents free legal service and debt collection service which is the main reason for the dramatic increase in the Federal expenditures on "child support enforcement".

I offer that before the Congress goes on increasing the budgets and the authorities of the OCSE and via it, the State IV D agencies, a careful, critical look be taken at the operations of these agencies over the last ten years, their accomplishments and failures, and at least start thinking that non-custodial parents are not the only ones with responsibilities (the financial part of which is the only aspect the government seems to be concerned about enforcing, at the cost of robbing them of the ability to perform many other responsibilities) and liabilities.

5. Although some of you may violently disagree that both parents have equal rights or that the IV D agencies should provide equal level of services to either parent in order to enforce the law of the land, the sad fact is that only one class of parents is provided such services, at the taxpayer's cost. Thus I find it amusing that proposed legislation asks that "if an employee requests a hearing... the State in which the hearing is held shall provide appropriate services.. to ensure that the interests of the individual to whom the withheld income is to be paid are adequately represented." For one, this language, as elsewhere in the proposed legislation, does away with the established terms such as "payor" and "payee", or "obligor" and "obligee", or "absent parent" and "support recipient", substituting merely "employee", thus clarifying that a noncustodial parent is merely an "employee" in the service of the custodial parent. Nonetheless, I ask that the "appropriate services" referred to be made available to both classes of parents, without discrimination. To do otherwise would at least in principle violate the principle of equal protection under the law. In each of the two cases I have cited above, the fathers have no resources to represent their claims or interests. In one of those cases, even as the IV D agency claimed it had nothing to do with the case, the DC Office of Corporation Counsel provided legal brief in support of the IV D agency and its contractor, arguing, inexplicably, that the father did not have a standing to bring a motion to quash the withholding orders because he was *not* the real party in interest, even as more than $40,000 of his wages had been wrongfully garnished over three years and paid to support a mother who was employable but unemployed, remarried to an unemployed man with whom she had two more children! All this in the name of the said father's two children, who were made to live with the mother and her new family in a one bedroom apartment!

I must also take exceptions to the clause "based on claim of a mistake of fact" since it makes it appear that "mistakes of fact" are the only grounds upon which an employee contest withholding. Under the current law, jurisdictional defenses are also available to a non-custodial parent, as also against fraud in inducement and similar other defenses (including validity of the child support order) which have been upheld by State courts over tens of years of evolution of child support case history. The non-custodial parents must also be made aware of their rights and defenses, just as custodial parents are via advertisement of IV D services, in some places (like Los Angeles) at street corners and telephone poles, and the IV D agencies must provide protection to non-custodial parents as well. Just because their children are taken away from them does not diminish their humanity and citizenship, any more than children's custody *per se* enhances those of the custodial parents. The non-custodial parents must be entitled, concurrently with their employers, personal service of withholding orders, via certified mail, signed return receipt requested, and must have a reasonable amount of time within which they may contest the withholding orders. The non-custodial parents must also be afforded the right to contest withholding prospectively at any point in time, if it emerges that they have defenses or remedies they were not entitled to or aware of at an earlier point in time.

6. Under the section on "Uniform Withholding Order", I find it disturbing that the order is required to contain merely "the name of the individual whose income is to be withheld, the number of children covered by the order, and the individual *or* State to whom the withheld income is to be paid." (emphasis added). At the very least, I ask that the payee's address, and the names and addresses of the children, be included in the order. The non-custodial parents have a right, unless otherwise abrogated by judicial order, to know where his children are, or, Heaven forbid, if they are even alive! Under the proposed language, a State may send a withholding order to an employer to take monies out of the paychecks of a Mr. X, without telling him where that money is going, for whose alleged benefit! This is plainly ridiculous.

There is another aspect of uniform withholding the sponsors have overlooked. Under the child support guidelines of almost all, if not all, states, child support awards are based on *both* parents' income levels and are prospectively modifiable upon a showing of change in circumstances, including each party's incomes. Under the uniform withholding order, it seems to me that the initiating State and the custodial parent would always have a ready and accurate access to income information of the non-custodial parents, who in turn would have no such knowledge, absent a new judicial proceeding. To go back to my analogy of child support as a paternity tax collected by the Maternal Revenue Service, I submit that we hold our own government, including you members of the Congress, to a far higher standard of accountability and financial disclosure, for our tax monies than that for custodial parents as contemplated under the proposed legislation. Put another way, I submit that holding custodial parents to no standards at all, nor any requirements of even disclosing their addresses and incomes, is ultimately demeaning to the custodial parents. I do not think the custodial mothers of this country really would like to be seen as those in need of such overly patronizing attitude by their government.

Section 414

Section 414 relating to the attachment of public and private retirement funds is another example of the erosion of due process rights based on the misinformation campaign that is associated with child support non-compliance hysteria. This section of the bill will permit an individual to attach a public or private retirement plan of another individual without the requirement of a separate court order. This in itself may not sound too alarming, but when considering the other provisions of this bill, which will be before other committees. These provisions will permit the establishment of child support as easily, if not easier, than the efforts that are required to obtain a temporary restraining order. These provisions even go so far as to suggest that child support should be established against an alleged father, administratively, based solely on the affidavit of a mother without notice to the father. If this method of child support establishment were to be approved, anyone who obtained an order in that manner would also be able to attach any public or private retirement without a separate court order. This encroachment into due process rights that primarily affect only one gender is unacceptable.

Section 422

Section 422 - Denial of Federal Benefits, Federal Loans, Guarantees, and Employment to Certain Persons with Large Child Support Arrearages.

Under this section $1,000 is defined as large. It is a large amount of money to a parent who is trying to support a child on a very limited amount of money, however, it is not a large amount of money when talking about loan amounts or the monthly income of a federal employee. How can it be in the best interest of a child to deny a parent the opportunity to borrow money to help pay for the child's expenses or to get a job to help pay for the child's expenses merely because they have fallen behind in their child support for any reason. I refer back to the case of the father who was injured at work, due to no fault of his own and fell behind in his child support because he was forced to pay child support at a higher level than was meet, just, and fair. Under this bill, a person who is behind $1,000 in his child support may not accept a Federal job. This discriminates against individuals based on a monetary judgement that has been imposed against them and is most likely a violation of the Equal Protection Clause of the 14th Amendment.

Conclusion.

This bill represents a very advanced stage in the political developments surrounding the issue of child support. Before moving to this stage and beyond, as I know Congress is considering doing, it is imperative that we step back and review the reforms that have taken place over the past decade. The cornerstones of reform are the Child Support Enforcement Amendments of 1984 and the Family Support Act of 1988. If the child support reforms mandated in those bills had been carefully, competently, and properly implemented, the character of my testimony today would be much different. In fact, if child support reform had arisen from honest discussion, I would probably have found it unnecessary to testify at all.

Now, at this rather advanced stage of political activity, it is necessary to ask why don't parents pay court ordered support? The White House Welfare Reform Working Group, in which I participated, pointed out that very little is known about the non-custodial population. We already know that the number one reason for non-compliance is unemployment. We now need to discover whether secondary reasons for non-compliance are voluntary, if not, what we can do to correct these situations before imposing more severe punitive measures on a segment of society we already have admitted, "we know little or nothing about."

In 1984 when the Child Support Enforcement Amendments were passed, many state courts were using child support tables and formulae as rough guidelines to assist them in making consistent and reasonable judgments. This was a reasonably activity. Formulae were also in use in administrative courts handling cases in which the recipient of private child support was partially dependent on public assistance such as AFDC. Non-dependent parents had child support awards decided according to rational doctrine based on children's needs and the relative ability of each parent to meet those needs. Parents receiving government assistance had their awards based more on the ability of the paying parent to offset AFDC payments.

The two systems were not compatible. In 1981, for example, the Oregon Supreme Court was asked by a previous recipient of AFDC to apply the AFDC formula in a case that had been decided according to non-AFDC child support law. The Court rejected the request, saying that they would "limit the application of this particular scale and formula to the same cases to which the legislature limits its' application in "The Marriage of Smith, Or 626 P2d 342 (1981).

So we in fact know that federal reforms were not aimed at recipients of public assistance. That group was already subject to rigid formulae for the award of child support. Although there is no nexus between awards for independent families and any established federal interest, the new rules were used to increase awards to middle and upper income mothers.

What is child support?

Previous to federal child support reforms, the doctrine established in the states said that the amount of child support awarded would be based on the needs of children and the relative ability of parents to pay. It is important to point out that the term "needs" in this context does not refer simply to the most basic, or subsistence level needs of children. The understanding of what children "need" was dependent upon such factors as the parent's ability to provide, variations in parent's spending habits, and the division of time children spent with each parent.

No understanding of the established doctrine of child support would be complete without understanding its central balancing principle. Both parents have an equal duty to support their children. One legal commentator, respected by people on all sides of this discussion, claimed there is a Constitutional mandate for the "equal duty principle". (Doris Freed) This single guiding principle forced consideration of the many factors that had been routine until established legal doctrine was displaced under the mandate of the Family Support Act of 1988.

It is important to recall that there has never been a federal mandate, nor has there been compelling testimony, that there was any need to alter the fundamental doctrine of child support. Supporters of higher awards have always contended that the need for child support formulae arose because judges had applied existing law unfairly and inconsistently.

If you have studied the history of politics and literature of child support as fully as I have, you are aware of studies that concluded that judges were extremely inconsistent in the amounts they awarded. This was probably the most important motivation for the use of formulae. If you study carefully enough, you know that the researchers making these claims used the payer's income as the only criteria for making an award and did not account for the many factors that reasonable come into play in making a just and appropriate award. In other words, claims of inconsistency were based on a doctrine inconsistent with established state law. One must wonder what those researchers must have been thinking. Why would anyone have an interest in the finding that orders established under state law did not coincide with an imaginary doctrine?

In the early 1980s, there were a few contributions to the literature attempting to create comprehensive formulae based on existing doctrine. The work of Maurice Franks and Judith Cassetty were among the most notable. These were the first steps toward building plug-in mathematics that could displace must of the work of human judgement. This approach was never fully explored and stopped prematurely. Nonetheless, the Family Support Act created a requirement for courts to apply what did not yet exist.

The work of Franks and Cassetty was brushed aside in the political process of implementing the Child Support Enforcement Amendments and the Family Support Act. What has displaced traditional doctrine are arbitrary formulae. Robert Braid explained the problem well in The Making of the Deadbeat Dad. (Trial Lawyer, March 1993) Dr. Braid is a professor of Accounting, Economics, and Finance in New Jersey who decided to work out for himself what a just and appropriate child support award would be in his own case. Although New Jersey is a state that has made many valiant efforts to improve the law and practice of domestic relations, parents there suffer from the same problem found in other states. They have no legal definition for "child support". They have only a mathematical formula which lacks a rational basis for analyzing a particular case.

Our understanding of what "child support" is today comes from two sources. The first is our understanding that, on the whole, judges in state courts did a reasonable job of applying established legal doctrine in the award of child support. That is to say, that while it may be argued that some judges may have ordered awards that were too low, other judges compensated by ordering awards that were too high. Simply understanding that the presumptive application of formula in use today dramatically increased child support awards, leads to the knowledge that awards have been made arbitrarily high. This is one of the few relevant facts that can be accurately decided, based on averages.

The second source is the continued work toward creating a science and credible technology of child support that has taken place more recently without the benefit of federal funding. One of the products of a five year project known as the Project for the Improvement of Child Support Litigation Technology, presents new formulae for child support and alimony based on traditional child support law. I have a copy of the report by independent researcher, Roger Gay, entitled: New Equations for Calculating Child Support and Spousal Maintenance With Discussion on Child Support Guidelines.

The need for this project came from the new mode of application of child support guidelines defined in the Family Support Act. Today it must be presumed that the amount of child support calculated by state guidelines is the correct amount to be awarded. In contrast, the technology available was designed for use as simple guidelines pointing a judge toward a starting point or benchmark. This dramatic change in application dictates new engineering, evaluation an redevelopment of fair and equitable methodologies for calculating child support, yet never has a single dime of federal funding been available for the purpose of advancing child support award technology to properly meet the new requirement.

I understand that Mr. Gay has also conducted an investigation to determine if any state now has a rational legal definition for child support. He found none. This problem has been reported to the Clinton Administration and to various subcommittees in Congress. He has also recommended specific amendments to federal law that would correct the problem.

The question is asked in the abstract of his report, whether awards made under current child support formulae contain a hidden margin of spousal maintenance. The report presents the first mathematical models sophisticated enough to answer this question accurately. Through example Mr. Gay shows the amount of spousal maintenance included in child support awards made by use of current formula. He then demonstrates that it is possible to define a standard of living target for a recipient household and meet that target exactly by use of relatively simple formulae for child support and spousal maintenance combined.

In addition to the work of Mr. Gay, Dr. Braid and others the Department of Health & Human Services has recognized shortcomings within the existing "shared incomes model" that are in part responsible for non-compliance and have released a new model, which is currently being printed. The first printing has already been spoken for and there is an extensive waiting list for the second printing.

What needs to be suggested today, and in hearings for every one of the more than 80 bills advancing the politics of child support, is that we must slow down. We must back up and look at what has been done already. We must review. We must put much more effort into developing a quality system than we have been putting into moving further and further ahead with one that lacks a rational foundation.

Although well intentioned, the "Child Support Responsibility Act of 1994" is an effort, independent of the Department of Health & Human Services, and in spite of their recommendations, that is based on enforcing an expensive, outdated and ineffective child support enforcement system that has been a dismal failure. The American Fathers Coalition respectfully suggests that this Committee postpone referring this Bill to the Full Committee, to afford an opportunity to review the facts contained herein and those resources available to it through the individuals and agencies referred to in my testimony. A move in any other direction would have to be based on a knee-jerk reaction to the hysteria that has resulted from a campaign of misinformation and/or an act of "conscious disregard."

***EXHIBITS:**

- *Executive Summary - "Minority (Dissenting) Report of the U.S. Commission on Interstate Child Support"* by Don A. Chavez, MSW, L.I.S.W., June 10, 1992.
- *"Minority (Dissenting) Report of the U.S. Commission on Interstate Child Support"* by Don A. Chavez, MSW, L.I.S.W., June 10, 1992.

*EXHIBITS WILL BE RETAINED IN THE COMMITTEE FILES.

SUBMITTED STATEMENT

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS TO THE COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON HUMAN RESOURCES ON H.R. 4605, WELFARE REFORM

August 16, 1994

The AFL-CIO applauds the Administration's commitment to assist families in becoming self-sufficient and free of welfare depend-ency. We commend the Welfare Reform Working Group for their extensive and thorough study of the problems related to dependency, the expansive consultation with interested organizations and individuals and the comprehensive approach presented in the Work and Responsibility Act of 1994.

The President has pledged to end welfare as we know it by enhancing and improving a host of government programs. The comprehensiveness of the Administration's proposal is laudable. Its intention is to expand employment and training programs, provide work for those who can't find regular unsubsidized jobs, expand child care services, strengthen child support enforcement, provide special attention to the needs of teen parents and improve coordination of basic income support programs.

The goal of redirecting the welfare system so that it assists people in becoming self-sufficient will be a difficult, although worthy task, following a decade when many workers have been forced from good paying jobs to minimum wage employment with no benefits and few opportunities for advancement. The downgrading of both the supply and quality of jobs has and will continue to slow down the traditional progression of some welfare recipients into entry level jobs, as many of those jobs are now held by displaced workers.

The modest improvement in the U.S. economy has left over 8 million Americans unemployed. Additional millions of workers are in part-time jobs only because they are unable to find full-time work. Over 30 million other workers, over 25 percent of the entire workforce, are "contingent" workers who have only temporary jobs. These workers go from one employer to another for short irregular periods of time. A measure of the growth in the contingent work-force is found in the remarkable fact that Manpower Inc. is the single largest employer in the United States today.

The current job situation dictates that any reform initiative must be undertaken in conjunction with aggressive job development and worker training programs in order to avoid placing people in dead-end "work-assignments" that continue to leave families dependent on public programs and require massive expenditures on bureaucratic monitoring.

JOBS

We support the additional funding for the JOBS program under the Family Support Act, the requirement that case workers be available to meet with recipients and develop an employability plan, the mandate that jobs be coordinated with the Adult Education Act and the expansion of the focus of jobs into non-traditional employment, child care providers and self-employment.

However, we believe that these improvements fall short of what will be necessary to help large numbers of people achieve self-sufficiency within 2 years or less. Additional resources and program changes should be included to make this a workable plan.

JOBS/EMPLOYABILITY PLAN

Welfare recipients generally receive little or no counseling from professional case workers and, aside from the initial deter-mination of eligibility for financial assistance, they

have almost no contact with case workers. It is a very positive step, therefore, to require a case worker to sit down with a recipient and work out an appropriate employability plan.

This is crucial in helping people find and retain employment. The legislation should reflect this and guarantee that case workers be adequately trained, have the opportunity to collaborate with an Employment Service counselor who has a thorough knowledge of the local job market, and have small enough case loads to spend the time necessary to adequately assess the person's needs and capabilities.

The Act requires what appears to be a single meeting during which this employability plan is to be devised and additional visits every 6 months to review a person's advancement toward the goal set out. It is a matter of concern that with such minimal counseling and support only the most motivated individual could hope to advance.

JOBS/PROGRAM COORDINATION

The Administration has stated that the role of the JOBS program is not to create a separate education and training system for welfare recipients but to ensure that they have access to the broad array of existing programs. The Work & Responsibility Act does not reflect this goal. It merely requires coordination with the Adult Education Act and relies on the requirement language under the Family Support Act to coordinate the JOBS program with JTPA. If the coordination requirement in the Family Support Act of 1988 was sufficient the necessary coordination would already have taken place.

Many but not all of the existing employment and training programs are currently required to be available to welfare recipients and those states that have One-Stop Employment Shops will be required to serve those on welfare. This is not enough. The federal government must ensure the coordination and availability of all these programs by requiring the welfare departments to coordinate the interaction between their case workers and existing employment programs. All training programs should be required to employ job developers to work with the local business and labor communities to identify employment opportunities for participants and have counselors available to provide on-going support, after a person is placed, to ensure job retention.

Far greater emphasis and mandated funding must be directed towards job placement, development and retention activities. A vastly expanded and strengthened JOBS program must be available to all AFDC recipients and applicants.

JOBS/TARGETING

The major focus of the JOBS program in the Work and Responsibility Act is on households headed by a parent born after 1971 — those 24 years old and younger if the plan is implemented in 1996. Although the devastating effect of rampant teen preg-nancies is known, we caution against requiring states to direct their resources to a particular "targeted" group at the expense of others who need services.

Young parents are least likely to have a high school diploma or recent work experience. They are more likely to have very young children with special needs requiring more expensive and compli-cated child care. Concentrated efforts should be made to bring them into a system which will lead to independence. To target any particular group, however, sends the wrong message to others and will curtail efforts to turn the welfare system into one that promotes self-sufficiency instead of dependency.

For too long now the availability of jobs and service programs for the poor have been based on the arbitrary categorization of people. Under current policies, for example, people who are out of work and unable to feed their families are forced to remain that way for years before they fit a narrow definition of being "truly needy" and only then qualify for help from JTPA or the JOBS program. Common sense tells us that the longer people suffer the more difficult their problems become and the further they are from job readiness.

WORK "ASSIGNMENTS"

For those individuals who have received AFDC and participated in the JOBS program for 24 months but have not been able to secure unsubsidized employment, the Work and Responsibility Act requires their placement in work assignments. Each state will be required to locate and create temporary positions of employment which result in an average number of hours of work of not less than 15 or more than 35 hours a week. A work assignment position will last no longer than 12 months and a person may not be reassigned to the same position.

Work Advisory Boards consisting of representatives from business, labor, non-profit organizations, elected officials and community leaders, will be established in each local area to provide "advice and guidance" in the administration of the program. The program requires the establishment of cooperative arrangements, strong linkages and active participation with the Employment Service, other employment programs, housing programs, business, labor and all other appropriate entities.

We support the goal of implementing a process to identify and create temporary subsidized work positions. However, we believe equal effort must be employed in locating and creating unsubsidized jobs so that people can become self-sufficient. In order to fulfill the commitment of assisting the poor in becoming free of welfare dependency, the program should avoid creating a massive bureaucracy which arranges part-time subsidized "work assignments" of twelve months maximum duration. The overriding emphasis on the Work Program instead of the JOBS program is in direct conflict with the goal of making work pay and achieving independence.

WORKER PROTECTION

With large numbers of welfare recipients reaching a two year mandated limit and flooding Into the Work Program, the potential for large scale displacement of current workers from both public and private jobs is enormous. The result will be a far worse situation than we have today if we take the permanent jobs of one set of workers and turn them into subsidized temporary work assignments for another group of workers.

We commend the Administration for recognizing the need to guard against such harmful displacement and including workers' protection and grievance procedure provisions in their proposal. We urge, however, that the Congress recognize that even the strongest anti-displacement provisions will not avoid causing considerable dislocation of workers unless the numbers of people to be absorbed in the workforce is kept to a manageable size.

Adding to the need to avoid forcing large numbers of people into subsidized jobs is the very real danger of further depressing the plummeting wages of low-skilled workers. Everyone agrees that one of the most troubling trends in the American economy is the sharp increase in the percentage of workers who work full time but cannot lift a family out of poverty.

The fact that wages are collapsing for workers with few skills has escalated the cost of other social programs. With nearly 20% of all full time workers making poverty wages -- policies that escalate this trend are economically and socially destructive. Provisions that require equal pay and benefits for equal work must be adopted and --- again --- we urge a greater investment in the JOBS Program and a more cautious approach to the Work Program.

EARNED INCOME TAX CREDIT

We commend the Administration for its leadership and ultimate success in enacting the expansion of the Earned Income Tax Credit to ensure that no full-time worker be forced to live in poverty. Studies have shown, however, that only a small percentage of low-income workers are receiving the benefit and less than one percent of EITC claimants receive the payments on a regular basis as part of their wages.

If jobs are to provide sufficient income through wages combined with money available through the Earned Income Tax Credit, the system to assure that the tax payment will be received on a regular basis must be in place. The Work and Responsibility Act will allow

up to four states to conduct demonstrations to promote the use of advance EITC payments. We believe a far more vigorous effort will be necessary to achieve full utilization of this benefit as a means of making work pay and assisting people in freeing themselves of welfare dependency.

CHILD CARE

Changing welfare into a work program does not alter the fact that AFDC is a benefit being received by approximately 14 million of the nation's poorest individuals — over 9 million of whom are children. These parents will not be able to return to work or receive training if they do not have help with full day, full year child care.

Child care costs can be $4,000 to $5,000 a year per child and a minimum wage job pays $8,840 — a clear indication of the need to subsidize the cost. Funding streams must remain constant for continuity of care to enable a mother to perform her job satisfac-torily. Absenteeism from work because of the unavailability of child care will eventually jeopardize her job and her family's livelihood.

As welfare mothers are expected to go into work or training, the child care programs must be expanded accordingly. Recent GAO data indicate that in 1992 only 5 to 6 percent of the AFDC caseload received child care subsidies, and less than 30 percent of JOBS participants received child care assistance from any funding source. Moreover, because each of the four federal child care programs was designed with a different objective, they segment the low-income population into categories that fail to recognize the similarity of their economic circumstances and child care needs.

The states must be required to coordinate their programs, spend a portion of their funding on improving facilities and staff, ensure that families receive appropriate counseling, provide factual information regarding their child care options and the assurance that the available care is safe and nurturing for the child.

CHILD SUPPORT ENFORCEMENT

Parents must take responsibility for their children and absent parents must be made to provide the financial support their children are entitled to receive. We support the enactment of measures which will improve the establishment of paternity and the actual collection of child support payments.

We favor Child Support Enforcement initiatives which enlist law enforcement agencies in the collection of child support payments, and urge that appropriate steps be taken against those parents who refuse to pay. For those who are unable to contribute to the support of their children because they are unemployed, every effort should be made to give them access to employment and training programs, and to suspend any sanctions that otherwise would be imposed on them.

TEEN PREGNANCY

We support the Administration's efforts to address the rapidly growing, socially destructive, phenomena of children having children. There is ample evidence that teen-pregnancy results in long term poverty and welfare dependency for both the young mother and her child.

We support the Federal Government establishing a coordinated effort to wage a campaign to change attitudes and behavior, the creation of a national clearinghouse on teen pregnancy prevention and the availability of grants meant to significantly improve the decisions and behavior of youth.

We agree that the welfare system should not encourage young mothers who have babies to leave home and receive a separate check. The requirements that minors with children live in their parents' house-hold, however, must be accompanied by an absolute exemption if there is a danger of abuse involved.

We oppose allowing states to refuse assistance to a child conceived by a mother who is already receiving AFDC for her other child or children. Although we agree with efforts to discourage parents from having children they are unable to care for, we are not able to support this provision which would only result in punishing the child.

We support a comprehensive approach to address the unique needs of teen parents by combining tough new education and employment requirements with aggressive case management, child support enforcement, preventive and support services.

TIME LIMITS

Although we applaud the goal of enabling welfare recipients to become self-sufficient, we question the ability of the government to provide the necessary support services, develop enough new jobs and train workers sufficiently in a 2 year time span to warrant the imposition of such an arbitrary schedule. Imposing a life-time two year limit on assistance to destitute families would impose unwarranted hardship and shift an increasing burden for their welfare on to state and local governments.

Before mandating the termination of financial assistance as a means of forcing welfare recipients to become self-sufficient, we should examine the results in those states which have purged persons deemed "employable" from their General Assistance Program. The vast majority of those terminated did not find jobs despite motivation, effort and lack of income from other sources. Instead, large numbers suffered from homelessness, hunger, poor health and increased isolation and eventually ended up in shelters, hospitals, the criminal justice system or on the streets.

FINANCING

The AFL-CIO is concerned that efforts to reform the welfare system include the restrictions of benefits to immigrants who are legally in the United States. We believe it is unacceptable to finance a program aimed at reducing poverty by creating and exacerbating poverty in our ethnic communities.

Immigrants generate almost $300 billion in income and pay more than $70 billion in taxes. Only 2.3 percent of immigrants who come to the U.S. to join their family use public benefits, compared to 3.3 percent of the native born. Citizens who legally bring their family members to the U.S. pay billions in taxes to support other Americans, but their own families will have nowhere to turn when they get laid off or face hard times.

The AFL-CIO has consistently opposed all government action which stigmatize and penalize immigrant workers and their families. We believe that such policies legitimize hate. Scapegoating immigrant workers will be counter productive and divisive to our society. Historically, the general deterioration of employment opportunities and wages is brought on, not by immigrants, but by faulty and discredited economic and social policies that affect all Americans.

Another major source of financing would come from capping states' spending on the AFDC Emergency Assistance Program. This is the main source of money used to prevent homelessness by helping pay overdue rent and utility bills, help homeless families find permanent housing, and help children in crises. Without this oft- times life sustaining assistance, personal emergencies escalate into more painful, long term and costly situations.

CONCLUSION

As we move in the direction of changing the welfare program into a work program, we cannot lose sight of the fact that AFDC (Aid to Families with Dependent Children) is the major safety net program designed to alleviate child poverty. Almost 20 percent of all American children now live in poverty and one in eight children suffer from hunger and malnutrition. We agree that, for the most part, children are far better off if their parents are working at decent jobs than if they are on welfare. However, the commitment to assist families in becoming self-sufficient should be coupled with as strong a commitment to avoid causing more suffering for poor children.

The AFL-CIO commends the Administration for its thorough and comprehensive approach in designing a program to assist poor families in becoming free of welfare dependency. We will work with the Congress to insure that:

The JOBS program is adequately enhanced and the necessary resources are available to provide job development, placement, training and retention services;

The Work program provides realistic and meaningful opportunities for people to gain work experience, a chance for advancement into permanent positions and prohibits the displacement or downgrading of current workers;

Case workers have reasonable size caseloads and are sufficiently trained and equipped to adequately assess a person's needs and capabilities and assist them in becoming self-sufficient;

Child care programs are available on a full day full year basis, that the care is affordable on a continuing basis and is safe and nurturing for the child; in addition, caseworkers need more reasonable case loads to adequately perform their functions;

And the support systems which are to be available to the poor are actually in place.

TESTIMONY OF AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, AFL–CIO

The American Federation of State, County and Municipal Employees (AFSCME) represents approximately 1.3 million members who work in state and local governments, hospitals and private non-profit agencies. We would like to submit the following statement for the record on H.R. 4605, the Work and Responsibility Act, and other welfare reform proposals.

AFSCME is the nation's largest union of public employees. Our membership ranges from highly trained professionals and technicians to lower skilled low-wage and part-time employees.

AFSCME also represents approximately 75,000 social service workers nationwide. Many are intake workers and caseworkers in welfare offices, job counselors in the employment service offices, food stamp eligibility workers, and medicaid eligibility workers. They are on the front lines providing the services that the welfare reform bills before the Human Resources Subcommittee propose to reform.

The union's perspective on welfare reform is grounded in the expertise and experience of the people who work in the nation's welfare system. It also reflects the daily realities of low wage workers trying to live from pay check to pay check and the fiscal and budgetary pressures which state and local governments have experienced during the last 15 years.

AFSCME believes that one of the most important ways to change the culture of the welfare office is to secure the active and meaningful involvement of the front-line workers. No one can deny the need to reform the welfare system. However, we believe that true reform can only be accomplished by creating a formal process in which the front-line workers are involved in a meaningful manner. This is consistent with efforts to reinvent government. Prior to implementing a new welfare program, it is critical that meaningful worker involvement in the process occur.

AFSCME believes that "welfare dependency" cannot be addressed simply by changing the AFDC program. Welfare reform should be part of a comprehensive job creation and workforce development strategy leading to real jobs with decent wages, health care, and child care for all unemployed persons, including those on welfare who can work. Low-income and poor women must have health coverage and good quality child care for their children in order to work. Enactment of health care reform providing for universal coverage is a necessary precondition for successful welfare reform.

Any work component of welfare reform should integrate workers into the existing personnel structure of the employer in terms of wages, rights and benefits. It should provide jobs with dignity that pay a family-supporting wage. Welfare recipients placed in jobs through any work program must receive equal pay for equal work and have the same rights, benefits and working conditions as other employees. They should have access to the same education, training and labor market services as other workers in our society, and adequate resources must be provided to enhance the effectiveness of our employment and training systems to prepare low-skilled women for higher skilled, higher wage jobs.

In addition, it is essential that low wage workers are not displaced by a welfare recipient in a workfare or temporary minimum wage assignment. Strong anti-displacement protections and effective mechanisms to enforce them are crucial so that welfare reform does not simply recycle low-wage workers from jobs to unemployment.

Because of the highly charged political environment in which the current debate is taking place we are concerned that the result of welfare reform efforts will be misguided actions that will punish the poor for being poor, shift an increasing burden for their welfare onto state and local governments, and further complicate the already overwhelming task of working in the welfare system. We strongly urge this Committee to consider carefully all of the pending proposals and to allow for a full discussion of their implications. To that end we offer the following comments.

Time Limits

AFSCME believes that there are significant problems inherent in the two-year time limit-work approach, and accordingly, we urge that this concept be rejected. A fundamental flaw of the life-time two year limit is that it ignores the reality that 70 percent of welfare recipients leave before two years. Moreover, it neglects the fact

that welfare recipients have differing needs. Tracking all welfare recipients, even those who work but cannot earn enough in the low wage labor market, will divert resources and attention away from the vitally needed task of helping recipients upgrade their skills and improving the government systems that can help them find good private sector employment.

Of the major two-year time limit proposals in the House of Representatives, H.R.4605, the Administration's comprehensive welfare reform initiative, introduced by Acting Chairman Sam Gibbons (D-FL), is substantially better than other time-limited bills in several important ways. It is less likely to lead to a massive minimum wage public sector work program which almost certainly would displace many lower skilled and part-time positions in public sector employment. In addition, the legislation does not destroy the safety net by permitting or requiring an absolute cut off of all government assistance after a certain period of time as the other bills do.

Of the principal bills pending before this subcommittee, H.R.4767, sponsored by Representative Bob Matsui (D-FL), offers the best, and most straightforward, approach to emphasizing work and responsibility while also providing the resources and flexibility to allow states and local welfare offices to meet the individual needs of welfare recipients and preserving an economic safety net for children and their families. It is tough on work without a two-year time limit.

In other respects, the Matsui bill has a number of similarities to the Administration bill, many elements of which we also strongly support. It builds on the solid framework of the Family Support Act, has a very tough work requirement, creates a state option to set up real jobs with effective anti-displacement protections, recognizes the crucial importance of enhanced federal funding to allow states to take full advantage of federal matching funds, expands child care for welfare recipients and the working poor, and includes tough new child support enforcement procedures.

The diversity of individual needs and capabilities of welfare recipients, as well as the diversity of local economic conditions, require a much more flexible approach than the lifetime two-year limit permits. Some recipients will need less than two-years, while others may need more. Contrary to the Administration's Reemployment Act, which recognizes the need for extended income support to permit experienced dislocated workers to retrain for up to 18 months, the Administration's welfare reform bill sets a two year limit on benefits. The two-year time limit set forth in its welfare reform initiative will reorient a system serving many of the least skilled in our society away from the kind of intensive and long-term training and supportive services necessary to enable them to obtain good jobs.

AFSCME also does not believe that the current system has the tools to implement a time-limited system in a rational manner. The welfare system has changed dramatically since the late 1970s when caseworkers were able to devote time to coordinating services for and helping their clients. Caseloads increased dramatically during the 1980s because of recession, dramatic increases in the contingent workforce and constricting eligibility rules under state unemployment programs. Simultaneously, new federal policies required local welfare offices to shift their focus to eligibility rules and fraud and abuse issues.

Budget cuts through the decade compounded these problems by leaving welfare offices with reduced capacity to provide the services. For example, in urban areas in Ohio, : seworkers routinely handle 450 cases or households. When the number of persons in the household is considered, the number of persons for whom the caseworkers are coordinating benefits doubles or triples. This reflects the fact that participants in the welfare system also participate in the food stamp and medicaid programs.

It is also doubtful that enough meaningful jobs can be created for those who have exhausted their time limits. If a large scale public sector work program is launched, it will run the risk of seriously aggravating conditions in the low wage labor market. This is because of the dilemma created by the dual and conflicting goals of emphasizing private sector job placements while creating a back-up program of public sector jobs in the context of the two-year time limit.

Work Requirements

AFSCME strongly supports the equal pay and benefit provisions in both the Matsui and Administration bills. By including these crucial standards in their bill, Congressman Matsui and the Administration recognized the inherent inequity in treating individuals who do the same work for the same employer differently. These bills also recognized the important relevance of these standards to the displacement issue. Studies of the Comprehensive Employment and Training Program (CETA) suggested that even with anti-displacement protections, over an extended period of time an established work program is highly likely to cause some displacement or fiscal substitution. To the extent that this occurs, equal pay and benefit protections at least will ensure that the federal program will not replace better jobs with substandard ones.

Equal pay and benefit rules also help ensure that the work created is not "make work". While many assignments are likely to pay close to the minimum wage, thereby minimizing the employer's contribution to the individual's paycheck, an employer contribution to the salary will help ensure that the public or private employer will invest in training and supervising the individual. We believe that any employer receiving the benefit of a subsidized employee has a responsibility to contribute to that employee's income and supervision.

In designing the WORK program, however, efforts were made to avoid creating positions that were more attractive than private sector jobs so that individuals would not leave low wage private sector work to get to a WORK job. In addition, since the WORK program replaces the existing AFDC program for anyone who has received two years of cash assistance, it retains characteristics of the welfare system. Thus, WORK positions do not pay the Earned Income Tax Credit or provide unemployment benefits. In addition, assignments will last only a year, the sanctions for dismissal or quitting are extremely severe, and many poor women and their families may be worse off financially after they pay FICA taxes.

As a result, while it is possible for recipients in WORK assignments to be assigned to real jobs, the system could be manipulated by local administrators seeking arrangements that more closely resemble minimum wage day labor pools or the workfare programs in H.R. 3500 and H.R.4414 than a real job. Although we do not feel that this is the intent, it could be the result. We need to ensure that this does not occur. The requirement to create hundreds of thousands of such positions goes against recent trends in the states, which actually reduced the number of Community Work Experience Programs (CWEP), or workfare participants nationwide from 18,000 in 1985 to 14,000 in 1992.

AFSCME believes that the selective use of real public service employment positions, short-term internships or training positions of no more than six months, community service which is consistent with and a part of the National and Community Service Trust Act, and subsidized work would give the welfare system the tools and flexibility it needs. It also would avoid the very real risk of increasing competition in the contingent and low-wage labor market.

Both the Matsui bill and the Administration bill also establish crucial anti-displacement protections with strong, impartial and expeditious enforcement procedures which include binding arbitration. The grievance and arbitration provisions are essential if displacement is to be limited. Contrary to assertions made by the National Governors' Association, these protections were designed to avoid complex, overly burdensome administrative procedures such as those under the former Comprehensive Employment and Training Act (CETA).

While these anti-displacement protections of both the Matsui bill and the Administration bill are substantially better than those in H.R. 3500 and H.R. 4414, some technical refinements are necessary. The Matsui bill, in particular, also includes even stronger workforce protections which contain union consultation and concurrence which we strongly support. In addition, we are very concerned about the provision in the JOBS and WORK sections of the Administrations bill permitting the filling of unfilled vacancies in the public sector after 60 days and in the private sector. Current law does not permit this; it prohibits the filling of unfilled vacancies.

Some contend that it is appropriate to permit the filling of unfilled vacancies in the private sector because private sector employers will not hire more people than they need. In the public sector, however, there is always more work that could be done if there were the people to do it. Therefore, a compelling reason exists to retain the current prohibition against filling any unfilled vacancies in the public and non-profit sectors.

It is critical to be clear about the implications of permitting the filling of any unfilled vacancies. In effect, such a policy endorses actions by state and local governments to shift the cost of government services to the federal government by assigning either workfare participants under JOBS or subsidized workers under the WORK program to vacant positions. In both the private and public sectors, subsidized welfare recipients may be more likely than other low-skilled workers to be hired because the wage subsidy will make them cheaper. New jobs will not be created, employment opportunities will not expand, and resentment against the welfare system will intensify.

Implementing Welfare Reform

Reorienting the welfare system to emphasize work and employment opportunities requires new federal policies to strengthen and integrate more fully the nation's welfare, education, training and labor market systems. In doing this, it is necessary to remove the stigma which welfare recipients carry when they look for work. For example, in Alexandria, Virginia's JOBS program, administrators had great difficulty placing well trained office workers in private sector jobs because employers were unwilling to hire welfare recipients. Had these same recipients been presented to the employers as regular job seekers, rather than welfare recipients in need of a job, the outcome would have been different, according to the administrators.

More resources must be targeted to the employment service so that it can function more effectively. Improved coordination and integration of federal education and training programs will enhance the effectiveness of the employment service. The best way to achieve this goal is to move to one-stop centers and systems in which the broadest possible array of federal education, training, labor market, and social service programs participate and where job seekers would not be categorized or labeled. Instead, they would be treated equally based on their needs and interests.

We oppose provisions in the Administration bill and in H.R. 4414 to privatize job search services through proprietary placement services as a way to achieve more effective job placement rates or "reinvent the welfare offices". We think for-profit companies will skim the easiest to serve, leaving the hardest to serve for public agencies which then will be penalized for having lower job placement rates. In addition, private placement companies have a history of discriminatory practices and are much less accountable to the public.

A better alternative is to strengthen the employment service as the nation's primary public labor exchange and to provide demonstration funds to turn both the local welfare and employment service offices into high performance workplaces through the joint efforts of management and front-line workers. Such a project should include training and operational assistance to enable representatives of management and employees to work together on such outcome-oriented objectives as improving the skills of welfare recipients, enhancing coordination with related social service, employment and training systems, modernizing basic eligibility operations by upgrading technology and retraining staff, and reeducating staff to perform functions more directly related to achieving the employment-related goals of welfare reform

The Administration recognized the challenge of implementing major reform by phasing it in rather than subjecting all welfare recipients to the new requirements. This is important to prevent displacement of employees as the WORK program is implemented. This design will go a long way toward preventing the displacement of persons holding real jobs. The legislation uses a phase-in strategy instead of applying a strict two-year limit and WORK program to the entire welfare population all at once.

Although the program will be phased-in gradually, without substantial new resources for staff and staff training, a two-year time limit will become simply a rigid new eligibility rule which will preoccupy front-line workers, instead of an impetus to change the culture of the local welfare office. Additionally, incidents of violence against front-line workers may increase when the family has no work or income and is denied cash assistance.

AFSCME is disappointed that the Administration failed to require representatives of front-line workers in the list of individuals and organizations to be consulted in developing the performance standards by which they will be judged.

Child Support Enforcement

Improving the child support enforcement system is an important aspect of welfare reform. It should be considered as part of a comprehensive welfare reform plan rather than as separate legislation.

AFSCME represents a substantial number of employees who work in the various aspects of child support enforcement at both the state and local levels. Child support enforcement employees are AFSCME members in New York, Washington, Illinois, Iowa, Ohio and Wisconsin, among other states. Additionally, many of our members are single parents, so improvements in the system promise to improve their financial well being.

While the child support system clearly needs to be simplified and strengthened, AFSCME does not believe that federalization is the solution. Child support enforcement is one of the most complex and personal functions in which governments are involved. It can involve intense feelings, interpersonal conflict, and financial distress. It involves much more than just the mechanical collection and payment of funds. Very often, enforcement functions are initiated when arrears build up. As a result, local enforcement workers spend considerable time resolving disputes over past-due amounts and working out repayment schedules that are reasonable in light of both parents' financial circumstances.

It is unlikely that the federal government will be able to maintain an adequate number of local offices to be responsive to all of the personal situations that arise. In addition, federalizing the hundreds of state and local offices and the millions of cases nationwide would be enormously complex and expensive. We have grave doubts that adequate funds would be available to provide the comprehensive network of local offices that would be necessary.

Centralizing child support enforcement at the state level is a better next step if existing local registries are maintained and tied to a central state registry. This permits existing structures and personnel to be safeguarded within a framework of a centralized collection and disbursement system for child support. Provisions such as voluntary paternity establishment, computerization, and improved interstate collections procedures will improve dramatically the state's ability to provide child support and collection services to custodial parents. In general, AFSCME strongly supports these aspects of H.R. 4605 and H.R. 4767.

AFSCME is concerned, however, that performance standards based on outcomes must be accompanied by sufficient resources to carry-out the functions. We are pleased that both of these bills increase the federal match for the Title IV-D agencies and call for initial and ongoing training of all staff. Increased funding and periodic staff training will be especially necessary to help states reduce their caseloads and enable them to meet performance-based standards more successfully. We also believe that states should be required to involve front-line child support workers in the development and implementation of outcome-based performance standards.

In addition, AFSCME strongly opposes contracting-out the child support collection and disbursement function. We believe that contracting-out can lead to politicization of this function and a lack of public accountability. Furthermore, it would be impossible to monitor compliance with the privacy requirements if the function is performed by several private entities, and private companies often are abusive in their attempts to locate the parent or get support payments.

Job safety is a growing concern among our membership also. Several years ago, four members of AFSCME's affiliate in New York, the Civil Service Employees Association, were killed in a local child support office. Improved staffing, training, and reduced caseloads can help, but we urge the Committee also to include funds for ongoing security to ensure the safety of front-line workers. This will become even more necessary as pressure on absent delinquent parents increases.

Finally, AFSCME also believes that the child support assurance projects represent an important change in the way to address poverty in single parent households and the crucial importance of focusing on the financial needs of poor children. However, any child support assurance program should be designed carefully so as not to result in the dislocation of existing child support workers. If a work program for the unemployed noncustodial parent is included, it should not result in a punitive workfare program with no income support for the unemployed noncustodial parent. Instead, it should be part of a meaningful employment strategy to assist the unemployed noncustodial parent earn a family-supporting wage and meet all of the nondisplacement and wage and benefit standards presented earlier in this statement.

Financing

As compelling as the need for welfare reform is, AFSCME strongly believes that welfare reform should not be financed by cutting programs of assistance to the poor.

We strongly oppose proposals to deny or restrict public benefits to legal immigrants, cut the Emergency Assistance Programs, or cut food assistance to family day care providers. We are especially troubled that the immigration and welfare reform issues have been joined in a way that threatens to poison the political debate and pit legal immigrants against welfare recipients. Finding savings by cutting back SSI benefits to elderly and disabled immigrants will not make their needs go away. It simply will shift the burden onto local communities.

In addition, AFSCME does not support the proposal to cap the Emergency Assistance program which is designed to help families in crisis by providing such help as emergency housing assistance or intensive family counseling. This proposal is particularly misguided in view of the very real possibility that more recipients will be sanctioned under the new WORK program proposed in H.R. 4605 and in need of such emergency help.

With the annual federal budget deficit on a downward trend over the next few years, Congress should consider new revenue sources for the substantial funds necessary to make real welfare reform successful. It would be counterproductive and self-defeating to pay for welfare reform by dividing one group of poor against another or shifting the federal government's current responsibility for legal immigrants, substance abusers, homeless families or families in crisis onto the states and local communities.

TESTIMONY OF AMERICAN MEDICAL STUDENT ASSOCIATION

The American Medical Student Association (AMSA) is the largest independent medical student organization in the country, representing nearly 25,000 physicians-in-training. AMSA is committed to the improvement of health care and health care delivery to all people; to promote the active improvement of medical education; to involve its members in the social, moral, and ethical obligations of the profession of medicine; to contribute to the welfare of the profession of medicine; to assist in the improvement and understanding of world health problems.

AMSA supports the recent attention given this year to the reform of social welfare. We feel that changes will need to be made in the delivery of assistance to eligible recipients. However, amidst the sweeping changes provided by the Administration and other members of Congress, AMSA opposes the provision of a family cap. We hold any premise that excludes individuals, especially children, from normal, healthy development by fiscal restraints as a direct violation of human rights and further, a contradiction to the positive ideals of social reform.

Included in the welfare reform iegislation, the child exclusion provision would in effect gives States the option to completely cut off benefits for any child conceived by an individual already on AFDC. The underlying idea contained in this proposal is that welfare mothers have additional children to collect added benefits. This simply is not true. Federal data demonstrates that AFDC families are not typically large- 72% have one or two children. Further data demonstrates that AFDC family size has declined sharply over time. In 1969, 32% of AFDC families had four or more children, while in 1992, only 10% had four or more children. On the average, a grant increment as a family goes from three to four children is $68. This will result in increasing the poverty of a family, and decrease the likelihood that a family might meet the most minimal needs of an infant.

Welfare programs appear to have little effect on the likelihood of marriage, divorce, or childbirth. An eight year study in Wisconsin showed that the birth rate among women on public assistance was about 45.8 per 1,000, compared to the overall childbearing rate of 75.3 per 1,000 for all women in Wisconsin and 71.1 for the nation as a whole. These variations remained despite corrections made for employment status, age, education, number of children, race, and marital status. The longer a woman stays on welfare, the less likely she is to give birth. This fact alone clearly demonstrates responsibility among women in the AFDC system.

AMSA is concerned also about legislators taking the New Jersey's welfare reform demonstration- The Family Development Program (FDP)- as evidence that a family cap works. In November of 1993, initial data reported that there was a 16 percent reduction in newborns after the enactment of this law. However, since that time the reduction has decreased to 9 percent and further revisions are possible in the coming months. Being very preliminary data, the results could have arisen from a number of different factors, including mothers who move before reporting a birth, an alternative forced upon many mothers, and the parallel decline in the New Jersey's overall birth rate. It now appears that on an annualized basis, the law's impact would be a reduction of one quarter of one percent (0.0025) of the caseload. Using this study as conclusive data, this provision would penalize many newborns, placing them at a higher risk of serious and costly consequences. Further, widespread delays in reporting births by frightened mothers would lead to general social and health problems.

AMSA can only predict problems in the future if this provision were to become law; innocent children would be denied important benefits. First and foremost to our cause would be increased usage and dependence on the present health care system. By denying children requirements for normal development, the burden of proper nutrition and oversight will fall on the Emergency Rooms and health centers around the country. The amount saved by not allowing these added benefits will only be a small fraction the government will end up reimbursing the Treasury for taking care of these excluded children.

AMSA believes in a woman's right to reproductive choice. If the child exclusion principle is enacted, concern exists that this provision will take away choice from some women. Denying money for raising children sends a single message to women about their choices regarding their pregnancy.

Finally, for women who chose to give birth to a child, the money needed to raise infants would surely force many into homelessness. The homeless problem is already paramount in this country and needs not to be exacerbated by an increase in the rolls by mothers who choose to bring children into the world. The health implications for poor, homeless parents is painfully evident by the observation of the homeless population that line the streets of our cities.

Therefore, AMSA supports the specific provisions contained in the bill presented by Matsui (D-CA) aimed at preventing a Family Cap. This bill, like no other, prevents all the above mentioned health crises by the realization that welfare mothers have no economic incentive in giving birth to additional children. The data presented in this testimony shows this clearly to be true. Also, this bill's provisions give back to welfare mothers the dignity and respect of choice often taken away from them through the proposals contained in other legislation. The awful stigma associated with welfare must be erased rather than inflamed to truly have a successful reform, and a Family Cap in our opinion cannot achieve an honest and healthy reconciliation between the working class and the welfare state.

References

"Family cap for welfare denounced", *The Washington Times*, July 7, 1994.

"Welfare Mothers and Dole Babies", *The Washington Post*, April 24, 1994.

"The Jury is Still Out-an analysis of the purported impact of New Jersey's AFDC child exclusion (aka, "Family Cap") law, Michael Laracy, Center for Law and Social Policy

Testimony of the American Payroll Association
to the House Ways and Means Subcommittee
on Human Resources

August 29, 1994

Submitted by:
Carolyn M. Kelley
Director of Government Affairs
American Payroll Association

The American Payroll Association is a non-profit professional association representing 10,000 companies and individuals on issues relating to wage and employment tax withholding, reporting and depositing. Over 85% of the gross federal revenues of the United States are collected, reported and/or deposited through company payroll withholding. Under our system of voluntary compliance, we are the nation's tax collectors.

Under current proposals, we are as well the professionals who will provide "new hire" information on our employees to a Federal New Hire Data Bank as proposed in HR 4605, "The Work and Responsibility Act of 1994," and, who are already responsible for withholding child support monies from employee wages. Employers currently collect, through wage withholding, 50% of all child support. Under the proposals being considered, this percentage will increase significantly.

The American Payroll Association commends Congress for seeking to collect the $36 billion plus that is currently outstanding for child support. APA understands that delinquent noncustodial parents must be identified and located before monies can be withheld from earnings. It is the location and withholding processes that impact employers so greatly.

APA supports the Administration's efforts to locate noncustodial parents through new hire reporting. APA also supports the idea of collecting child support obligations

through wage withholding as addressed in the Work and Responsibility Act. However, APA is concerned that the goals of Congress will not be met unless certain changes to current proposals are adopted.

Employers have concerns in the following areas:

10-Day from Date of Hire "New Hire" Reporting

Employers understand it is important to capture employment information on all newly hired employees so that noncustodial parents who owe child support are located and the wage withholding process can begin. This is especially true of seasonal or transient employees who often escape from wage withholding because they may only work for a short time for any one employer. These types of employees are most frequently paid on a daily, weekly or bi-weekly basis. In some instances state laws require payment at least twice a month.

It is our concern that a 10-day reporting requirement (from date of hire) will not accomplish this goal. Employers simply will not be able to comply. Thus, a 10-day reporting requirement will result in reports that may not be accurate. It will also result in much higher volumes of paper submissions. This in turn will create a burden on the centralized agency responsible for entering new hire data. One of the fallacies of the proposal is the belief that employers could simply xerox a completed Form W-4, "Employee's Withholding Allowance Certificate." The W-4 does not contain two of the required four data elements; Date of Birth and Employer EIN. The APA does **not** recommend altering the Form W-4 (which is a tax document) for non-tax purposes. The use of Form W-4 should be omitted from the proposal.

In addition, the prospective employee's date of birth is not available from employment applications because of employer concern about age discrimination under EEO laws. Thus, employers must create new information documents after the actual hire date, which are then routed to payroll departments.

It is difficult to impossible for many employers to report within the 10-day of hire time frame because:

- Hiring is often done at site locations - hard copies of the employment forms are then sent to a central human resources department which may be on the opposite coast. The information is processed and only then distributed to payroll departments who must then set up the employee in the payroll master file. This typically takes more than 10 days.

- In addition, pay frequencies very from daily to monthly. Typically payroll departments receive information on new employees to enter prior to running a payroll, not every day. Employers "set up" payroll files on specific schedules. Thus, employers under a 10-day from hire reporting requirement would have to rearrange their entire processing flow.

- Not all employees begin work on the first day of a pay period. If the employee does not begin work until the final day or two, they normally are not added to the data base until the next pay cycle. Again, employers would have to rearrange their entire processing flow to accommodate exception processing for new hires.

- National studies show that on the average, it takes 13 days to process weekly payrolls and up to 17 days to process semi-monthly. Worst case scenarios range from 16 days to 25 days for the same cycles. The average reporting time for a monthly payroll is 24 days. Again, the 10-day from hire requirement will be problematic.

- Many states are backing off on 10-day reporting requirements. Massachusetts, after hearing testimony from employers, legislated 14 days instead of 10. Iowa changed state law from 10 to 15 days because of employer complaints. Texas will change from 10 to 35 days. Michigan's new program will require 35 days and Virginia, West Virginia and Washington have all adopted 35 days.

Recommendations:

1. Extend the new hire reporting period to 17 or 18 days for employers with daily, weekly, bi-weekly or semi-monthly payrolls. This would allow companies to create reporting tapes on a scheduled basis, such as after each pay cycle, twice a month, etc. Allow employers with monthly payrolls a reasonable period closer to 28 days to report. Employees working for organizations paid on a monthly basis are permanent, salaried employees and do not comprise the targeted group.

The advantages to the administrators of the Federal New Hire Data Bank would be fewer staff to key data since a large percentage of data would be transmitted via tape, diskette or modem. The data itself will be much more accurate because it will already have gone through edits in employer payroll/personnel systems. There would not be any significant loss of reporting time because electronic transmissions would immediately update the data base.

2. If a Federal New Hire Reporting Data Base is created, legislative language should prohibit states from requiring new hire reporting directly from employers regardless of which agency administers the program.

Penalties for failure to report new hires

The penalties proposed in the legislation (i.e., the lesser of 1% of annual salary or $500 per individual) are excessive and punitive. There are no distinctions made for employers who are trying to comply, but due to circumstances beyond their control are occasionally late, from an employer who willfully avoids reporting. The calculation of the penalty would also require an audit of the earnings.

Employer representatives have indicated their willingness to assist in these endeavors and have provided sound, supportable reasons why the 10-day reporting time frame cannot be met without punitive disruption of business practices. In light of these circumstances these penalties seem particularly unconscionable. Employers are being asked to help the country solve a problem. How much does Congress want to punish U.S. businesses, who are trying to comply, but who are unable to meet expectations because they were unrealistic from the beginning? How much money does Congress want to collect in penalties which could be used by U.S. businesses to hire employees and produce goods and services for a healthy economy?

The penalty appears even more unfair given there is no deadline by which the Federal New Hire Data Bank must **process** the new hire information once it is received. One could conclude that employers are being asked to bear the burden on the front end while no responsibility is being placed on the agencies to work effectively on the back end.

Recommendations:

- Extend the reporting deadline as outlined above to avoid penalizing U.S. businesses who are trying to comply with the requirements.

- Require that the data bank be updated within ___ days of receipt of data from employers.

- Design penalties which differentiate between willful noncompliers and those companies who are making honest attempts to implement entirely new systems and processes to deal with these new requirements. Penalties for honest attempts should not be so extraordinarily punitive.

Lack of Emphasis on Standardization:

The current proposals have placed very little emphasis on standardizing forms, definitions, data elements and legal requirements so that employers can comply easily and without the kind of skyrocketing costs which always result from lack of standardization in a systems environment. (Whether automated, or, in the case of small businesses, manual.)

Lack of emphasis on standardization is particularly problematic and costly for multi-state employers. It would seem logical that, since these companies are processing the greatest number of withholding orders and new hires, more effort should be made to remove the obstacles to automation, rather than compound them by allowing a non-standard system to be legislated. These issues should be handled in the legislative language. The greatest problems are:

- The Consumer Credit Protection Act. Federal provisions allow from 50% to 65% of disposable earnings to be withheld for child support. States may have different limits within this range. This requires multistate employers to alter systems to accommodate the unique requirements of the different states.

- Differing definitions of "disposable earnings". The Federal definition of "disposable earnings" is earnings for services less taxes and mandatory contributions to a pension plan. States may exclude certain earnings such as overtime and allow additional deductions such as union dues and medical insurance. This also requires employers to program for unique state requirements.

- Administrative fees that may be charged to employees differ or may be nonexistent. Again, this requires employers to divert funds from business endeavors to researching unique state requirements.

- Courts are imposing fees upon employers to process child support that employers withhold under a court order. Employers should not be required to pay for complying with a withholding order.

- Differing methods of withholding. Some states require a fixed amount of money to be withheld while others base withholding on a percentage of wages.

Recommendation:

- Provide for the standardization of forms, definitions, data elements, withholding methods and legal requirements.

Adoption of Uniform Interstate Family Support Act (UIFSA) as currently written

Section 501 of UIFSA provides agencies direct access to employers outside their state in an effort to decrease the time it now takes to begin collecting on out of state orders. Currently, if a state has not adopted UIFSA, the support order must be registered with the state agency administering child support in the employee's state. In these cases, the employee's or 'responding' state laws apply.

Under UIFSA there is no guidance as to which state's laws actually apply. Currently, a single state employer only deals with the regulations of that state. UIFSA has not provided specific guidelines as to which state's laws apply; the issuing or responding state. Furthermore, if the issuing state's laws apply, a single state employer will be required to withhold based on possibly 50 different methods and definitions. This is a serious burden.

Recommendation:

Before adoption of UIFSA into the proposal, guidance should be developed as to which state laws apply (issuing or responding) for employer processing of child support orders. This guidance should be standard from state to state.

The American Payroll Association thanks the Subcommittee for allowing us to submit comments related to the proposed Work and Responsibility Act of 1994. We stand ready to assist the Subcommittee and welcome the opportunity to be of service.

TESTIMONY OF AMERICAN PUBLIC TRANSIT ASSOCIATION

The American Public Transit Association (APTA) appreciates the opportunity to provide testimony concerning the issue of railroad safety user fees in the context of welfare reform financing. These comments are submitted for the hearing record in connection with the hearing held in the Human Resources Subcommittee of the Ways and Means Committee on August 9, 1994. APTA represents all U.S. commuter rail operators. Commuter rail operations account for over 300 million passenger trips and close to 20% of the total transit passenger miles travelled per year. Other APTA members include representatives of all areas of the transit industry and include transit systems, metropolitan planning organizations, State departments of transportation (DOTs), consultants, suppliers, manufacturers, financial institutions, contractors, academic institutions, and public interest groups.

APTA is dismayed to learn that an extension of railroad safety user fees has been proposed by the Administration as part of its welfare reform package (H.R. 4605 section 908). APTA urges you to reject the extension of the user fees. If user fees are retained in the welfare reform legislation as it moves through Congress, then APTA would urge Congress to exempt the public agency commuter rail operators.

Resist Increase and Allow Current Fee to Sunset as Scheduled

The rail safety user fee was imposed on the railroad industry by the Budget Reconciliation Act of 1990 as a deficit reduction measure. Last year the Congress specifically required DOT to determine "the impact of such fee collections on the financial health of the railroad industry and its competitive position relative to each competing mode of transportation." In its User Fee Report, DOT dismissed this statutory requirement by stating that "[t]he merits of attempting to redirect the Department's limited resources to arbitrarily disaggregate the data between safety improvements and capacity enhancements for the sole purpose of this report would provide limited, if any, benefits in fulfilling the Department's safety mission." This statement stands in direct conflict with another by DOT which states that the "actual impact on the railroad's competitive position . . . is small." This claim is meaningless absent modal comparisons.

Without an analysis of the competitive impact on the industry, the Administration's FY'95 Budget recommended the extension and escalation of railroad safety user fees by $6.5 million or a 17 percent increase, to $43.5 million annually. Now, we learn that the Administration may be seeking to use the rail safety user fee monies to fund its welfare reform plan. At the least, it is unclear if the Administration is counting the user fee monies twice: once to offset FRA's costs and again to finance welfare reform. To the extent the funds would be used to finance welfare reform, it becomes clear that the safety user fee cannot be justified on any programmatic basis and must be seen as nothing more than a discriminatory tax. We ask for your help and urge Congress to reject the Administration's request for an increase in the FY'95 user fee and allow the fee to sunset in FY'95 as provided under current law.

<u>If Fees are Retained, Exempt Public Agency Commuter Rail Entities</u>

Notwithstanding DOT's failure to perform modal comparisons, DOT did find that the imposition of user fees "may adversely affect rail passenger operations." All of the commuter rail service in the United States is provided either directly by, or under contract with, public agencies which are either State or local entities. The imposition of user fees on publicly-owned commuter railroads increases the cost of commuter rail service and operations which has a direct financial impact on consumers and State and local governments. According to DOT's own analysis, even if the commuter railroads raised fares in response to user fee assessments, the "combination of revenue gain from the fare increase and revenue loss from the decline in ridership would result in revenues falling short of the total assessments," thus adding to operational deficits. The User Fee Report goes on to state what many commuter rail operators already know to be true - namely, that it is often not feasible to raise fares for political or social reasons and because such increases tend to drive down ridership. "As a result," the report notes, "user fee charges would likely be absorbed into these railroads' cost bases, increasing deficits until such time as costs rise to the point where fare increases are imperative." This, indeed, has been the case.

Against this background, it is important to note that the $1.5 million in user fees paid by the commuter railroads for FY'92 represented less than 5 percent of the $32 million in user fees assessed. If the user fee were to be extended, but the public agency commuter railroads exempted, the impact on user fee collections would be minimal. For public agency commuter railroads, however, which currently provide vital transportation services only with significant subsidies, and which face other important unfunded mandates such as the Clean Air Act and the Americans with Disabilities Act, every dollar is needed. The public interest is not served by forcing public agency commuter railroads to pay out their Federal and local subsidies back to the Federal government. Moreover, immunity of State and local government entities from federal taxes is well established doctrine in Federal law. This principle led Congress, for example, to exclude public agency commuter rail operators from paying Federal diesel fuel taxes imposed by the Omnibus Budget Reconciliation Act of 1993.

We appreciate your consideration of our views on this subject and would be happy to respond to any additional questions you might have.

AMERICAN SOCIETY FOR PAYROLL MANAGEMENT
P.O. BOX 1221, NEW YORK, NY 10025
(212) 662-6010

STATEMENT TO THE
SUBCOMMITTEE ON HUMAN RESOURCES
ON PROVISIONS OF H.R. 4605
RELATED TO CHILD SUPPORT RESPONSIBILITIES OF EMPLOYERS
JULY 28, 1994

The American Society for Payroll Management (ASPM) is the association that represents the interests of large U.S. employers. It has long been concerned with the child support withholding process as it represents a tremendous administrative burden for employers. ASPM is fortunate to have had the opportunity to work closely with the Interstate Commission on Child Support throughout the development of its recommendations to Congress. We share the Commission's goals for a more efficient child support withholding system and know that the Commission and Congress are sensitive to the balance between social goals and employer burden. In this spirit, we are providing these comments on H.R. 4605, the Work and Responsibility Act of 1994.

- Ensure That Child Support Withholding Always Takes Priority. Under the current laws, child support may be interrupted by a bankruptcy order, and does not take priority over a federal tax levy unless the child support order was received before the levy. We urge Congress to pass legislation that gives child support absolute priority over all other wage attachments.

- Uniform Interstate Family Support Act (UIFSA). Although UIFSA was drafted with the intent of removing the legal issues surrounding the direct servicing of interstate child support orders, experience has shown that without further modification, UIFSA merely raises new issues and numerous unanswered questions—particularly for employers.

Currently, there is no agreement as to which state's law governs the order—the law of the issuing state or the law of the employer's state. If the law of the employer's state prevails, states would be required to modify orders to conform to the laws applicable in the employer's state. Such a system would invite confusion and errors. If the law of the issuing state prevails, employers of all size would be required to know the child support laws of all states from which orders originate. This too can result in confusion and errors. It is important that Congress make it clear which state's law prevails; however, it is also important that UIFSA not be adopted without minimum imposed uniformity in all states with respect to:

Definition of income subject to withholding;
Definition of disposable earnings;
Maximum amount of disposable earnings subject to child support withholding (ASPM recommends a cap of 50%);
Maximum administrative fee an employer can charge an employee (ASPM recommends a maximum fee of $10 per pay period);
When the employer must begin withholding (i.e. days from receipt of order);
When an employer should stop withholding (date specified in order or upon termination);
When an employer must remit amounts withheld (ASPM recommends payment within 10 days from date withheld);
Whether or not medical support orders are considered in the CCPA limit; and
The procedures that apply when there are multiple withholding orders and insufficient disposable income to satisfy all orders (ASPM recommends a state-computed allocation).

UIFSA as currently drafted does not address the issue of competing interstate orders. It is possible that an employer will receive more than one withholding order for a single employee, each withholding order being issued from a different state. UIFSA does not contain a provision that addresses how the employer is to determine which order has

priority. Special procedures are required so that the priority issue is contained in the withholding orders before the employer receives them; or alternatively, a procedure that allows the employer to return the competing orders to the respective states where arbitration can be handled between the states.

Without these essential modifications to UIFSA it is our belief (as well as the belief of some states such as Montana, Maine, and South Dakota) that the current system of reciprocity and registration (e.g., URESA) is superior to the "legalization" of direct servicing.

- Recovery of Employer Cost. Federal law currently allows employers to collect an administrative fee for child support withholding. However, the amount of the administrative fee is legislated by each state. Based on studies conducted by ASPM, the average cost to withhold and disburse child support is $10 per employee per pay period. Most states allow for a much lower administrative fee. We urge Congress to mandate that the administrative fee for child support withholding be no less than $10 for each pay period in which withholding is made from an employee's wages. We concur that the combined total of the child support withheld and the administrative fee not exceed the maximum percentage of disposable pay allowed by law (e.g., 50%).

- Multiple Withholding Orders. In those instances where there is more than one child support withholding order against an employee's wages, and disposable pay is insufficient to cover both, states are inconsistent with respect to how withholding should be computed. Some states require an equal allocation to all withholding orders (e.g., Texas), while other states require that withholding be computed based on the sequence in which the withholding orders were received (e.g., Indiana). We propose that the procedure be uniform for all states, and believe that the allocation method is the most fair to dependent children. We further recommend that the enforcement agency, rather than the employer, be responsible for computing the amount allocable to each child support order. This is already being done in some states.

- Uniform Withholding Orders. We urge Congress to require that one federally-approved uniform withholding order be used by all entities issuing child support withholding orders — IV-D or non-IV-D. The current lack of uniformity in withholding orders invites costly errors for employers, enforcement agencies, and custodial parents.

- Disbursement of Child Support Withheld. Under the current system, most employers are required to issue a separate payment to each registry within the state. In Texas alone, there are 255 "court registries" to which child support withholding is paid. At this time, only 22 states have one central repository for the payment of child support. The requirement to issue multiple payments to multiple agencies is not only costly for employers, but can create problems for the collection agencies, and ultimately, the custodial parent. We propose that a single collection and disbursement operation be put in place. This collection and disbursement function could be operated by private contractors under the supervision of a governing board. Through the use of such technologies as EFT, we believe that there would be no delay in making payments to custodial parents under such a system. In fact, we think that efficiency would increase because withholding payments would no longer be transferred between agencies and across state lines as they are now. Errors would also be eliminated. When an employer is required to issue payments to multiple agencies, payments are frequently forwarded to the wrong agency. This results in significant delays in paying the custodial parent. However, under a central payment system, employer burden would be significantly reduced as a single payment or electronic transfer is far less expensive and time consuming than several.

- Direct Payment to Custodial Parents. Employers generally encounter customer service problems when they send withholding payments directly to the custodial parent (rather than a registry). Under these circumstances employers are forced not only to withhold child support but to perform the functions of a child support registry—an inappropriate role for employers and one that many are simply not equipped to handle. Asking that employers serve as customer service representatives to custodial parents generally places them in an adversarial relationship with their employees. Furthermore, employee privacy is sometimes deprived—particularly when custodial parents appear at the workplace to "demonstrate" their anger at the amount of child support that is being paid. Employers

have reported such incidents, and they often result in extreme embarrassment to the employee and severe disruption of work.

For these reasons we urge Congress to adopt a provision making it a requirement that child support withheld from wages be paid to a registry and not paid directly to the custodial parent. Furthermore, custodial parents should be instructed to address all questions to the registry and not the employer. Such a provision will also allow the states to better monitor and enforce these withholding orders.

- Immediate Withholding Upon Date of Hire. Some propose that employees indicate if they owe child support and the amount of the child support owed on a modified Form W-4 and based on this information, the employer would begin withholding child support immediately. Because the employer has no official confirmation as to the amount of withholding, or to whom the withholding is to be paid, we urge Congress to include a protocol provision that would allow employers to hold the amounts withheld in trust until a confirming withholding order is received by the employer from the appropriate enforcement agency.

- Reporting Child Support Withheld on Form W-2. Some recommend that employers be required to report the total amount of child support withheld on the Form W-2. We believe that this information is best obtained from the child support enforcement agencies. Most enforcement agencies have the automated systems necessary to track and report this type of information. It is our belief that the benefit derived from the information does not justify the cost incurred by businesses.

- New Hire Reporting. We support the proposal that a national directory of new hires be established for the reporting of new hires and rehires. ASPM has developed, with the input of those responsible for child support enforcement, a comprehensive proposal for a national new hire reporting program, attached to this testimony as Exhibit I. We urge Congress to include these provisions in H.R. 4605.

- Software Standards and Edit Criteria. Most employers process their payrolls with the assistance of some type of automated system. With this in mind, software standards and edit criteria, where properly promoted by the Federal Office of Child Support Enforcement, would provide software vendors and payroll service providers an incentive for including routines that ensure that child support is withheld correctly and paid over timely. Currently, few payroll systems notify the user when the standard child support payment exceeds the maximum percentage of disposable pay. Some software systems attempt to prioritize wage attachments, but do so improperly. By providing guidelines to software vendors and service providers, who are relatively few in number, many employers will be in compliance with the many laws governing child support withholding, including the Consumer Credit Protection Act.

- Employer Outreach. The laws governing child support withholding and certain provisions of the CCPA are generally not understood by employers, particularly is it relates to interstate child support withholding. It is ASPM's belief that most instances of noncompliance are the result of ignorance and not willful disregard. In light of this, we encourage Congress to develop a program of employer outreach that includes seminars and easy-to-read publications. It is our further recommendation that employers be involved in the development of this outreach program.

-end-

EXHIBIT I

RESOLUTION
URGING CONGRESS TO AUTHORIZE THE DEVELOPMENT
AND IMPLEMENTATION OF A NATIONALLY-ADMINISTERED
DATABANK OF NEW HIRES AND REHIRES

Introduction

This draft was developed by the Office of the Attorney General, State of Texas, Child Support Enforcement Division with the oversight of Cecelia Burke, Director of the Child Support Enforcement Division incorporating input from the American Society for Payroll Management, child support enforcement associations, and other business groups.

Purpose

The purpose of this resolution is to bring about uniformity in the reporting of new hires and rehires and to ensure that these reporting requirements are efficient and cost-effective for both government and business.

RESOLUTION

1. Whereas, wage withholding for child support enforcement has been found to be the single most effective means of ensuring compliance with court-ordered obligations;

2. Whereas, the main impediment to a greater usage of wage withholding is the lack of information regarding the employment of obligors;

3. Whereas, several state child support enforcement programs have developed innovative programs mandating the reporting of new hire information in an effort to obtain wage assignment orders in a more expeditious manner;

4. Whereas, these programs have been so universally successful and cost-beneficial in the assistance they provide to the child support program in obtaining wage assignments and child support collections that it can be concluded that such a program could work on a national level;

5. Whereas, this enforcement technique has been endorsed as a best practice in child support enforcement by the U.S. Commission on Interstate Child Support, the American Public Welfare Association and the U.S. Office of Child Support Enforcement;

6. Whereas, the differences in reporting requirements between state programs provide problems for businesses (particularly multi-state employers) in complying to the fullest extent possible; and,

7. Whereas, there are several other potential spin-off benefits to a new hire reporting program such a potential cost containment of unemployment and worker's compensation insurance fraud;

8. Be it therefore resolved, that Congress authorize uniform standards for new hire reporting and authorize the implementation of a national databank of all new hires and rehires by taking the following steps:

a. Mandating that all employers report all of their new hires and rehires 35 days of their hiring date to the federal oversight board assigned the responsibility of administering the databank of new hire and rehire information [*as set forth in Model Design Document found in Exhibit I*];

b. Granting flexibility in the form in which employers report so that the reporting can be undertaken in an efficient manner, capturing information needed by users of the databank, utilizing paperless methods of data input to the greatest extent possible;

c. Requiring access by and providing appropriate federal funding to state child support enforcement programs to the databank for the purposes of locating obligors and issuing wage withholding orders;

d. Requiring access by and providing appropriate federal funding to state employment security agencies to protect against unemployment compensation fraud;

e. Allowing access by state workers' compensation insurance boards to protect against workers' compensation fraud;

f. Creating an advisory board of state child support enforcement administrators, employment security commissioners, payroll and human resources professionals and employers (or members of organizations representing employers, payroll and human resources professionals) to develop the program and its regulations and standards.

g. Passing legislation requiring that all employees be required to show their social security cards to employers at the time of hire and redevelop the social security card so that forgery will be reduced.

h. Ensuring that employer penalties for failure to report new hires and rehires are reasonable, and do not exceed the existing penalties for failure to file an information return (i.e., $50 for each failure to report to a maximum penalty of $250,000 per year).

###

MODEL DESIGN DOCUMENT
NATIONAL DATABANK FOR NEW HIRE REPORTING
(Proposed by the American Society for Payroll Management)

A. Purpose and Use of National New Hire Databank

The primary purpose of the national new hire databank is the location and swift execution of wage withholding orders for child support. However, in an effort to gain the greatest cost-benefit from the databank, the new hire data should also be used to prevent: (1) unemployment and workers' compensation insurance fraud, and (2) welfare fraud, (3) locating individuals who have defaulted student loans under the guarantee student loan program, and (4) the prevention of welfare fraud. In that unemployment and workers' compensation insurance fraud contribute significantly to the increasingly high costs borne by business for these insurance programs, employers would directly benefit by extending new hire reporting to these areas.

B. Who Must Report?

All employers are required to report new hires and rehires within 35 days of the day of hire or rehire. A rehire is not an employee with a lapse in pay, but rather an employee who was separated from employment and whose employment was subsequently reinstated. Employers are not required to report non-employees (i.e., independent contractors). The state may assess penalties for failure to report; however, these penalties should not exceed the federal penalties for failure to file information returns50 for each employee and for each 35-day period the employer fails to report, to a maximum penalty of $250,000 per year.

C. What Must Be Reported ?

Employers shall submit to the databank: (1) date of hire, (2) employee name, (3) social security number, (4) employee's home address, including state and ZIP code, (5) employee's work state, (6) employer's payroll processing address, state and ZIP, (7) employer's federal identification number, (8) employee's termination date; (9) if information available, if child support is owed, and (10) if information available, the date of birth of the employee.

D. Reporting Formats

Reporting formats should promote accuracy of input without creating a reporting hardship on business. The best method of reporting would be toll-free access to Interactive Voice Response (IVR). Other methods of allowable reporting should be; (1) tape, (2) diskette, (3) cartridge, (4) Electronic Data Interchange, (5) modem access, and (6) pre-printed scannable forms. It is our belief that use of the Form W-4 for reporting new hires is impractical as the form does not contain all of the information necessary for new hire reporting.

E. Social Security Numbers

Employees who wish to evade their child support obligations could escape detection through the national new hire databank by providing a false name and/or social security number to the employer. Thus, it is reasonable to believe that new hire reporting will create a significant increase in the number of invalid social security numbers reported to the Social Security Administration. Invalid social security numbers not only threaten the usefulness of the new hire data, but will increase the existing wage posting problem that plagues the Social Security Administration. In anticipation of this, the following is recommended:

(1) A federal requirement that all employees show their social security card to the employer at the time of hire;

(2) A penalty of $1,000 for providing an employer with a false name or social security number;

(3) Modification of the social security card, such as the addition of a hologram or an ID photo, to make forgery of the social security card more difficult. All employees would be required to obtain the modified social security card over a five-year phased-in period; and

(4) Employer access to on-line verification of social security numbers.

F. Funding of Databank

The databank can be primarily funded by charging users access fees. The user fee can be justified through the cost savings realized by those who use the data. It should also be emphasized that because information is submitted by employers directly to the databank, the child support enforcement agencies are spared the expense of data gathering, data input, and data maintenance.

G. Administration of Databank

A private vendor should be sought to set up and maintain the databank with the oversight of an administratively appointed oversight board. Because the databank serves various agencies, the board should consist of members representing the various agencies that will make use of the databank.

For further information contact:

Debera Salam
Director; Child Support Enforcement Task Force
American Society For Payroll Management
4638 Clydesdale Drive
Houston, TX 77084

TESTIMONY OF PAULA ROBERTS
CENTER FOR LAW AND SOCIAL POLICY

Members of the Subcommittee:

My name is Paula Roberts and I am a Senior Staff Attorney at the Center for Law and Social Policy (CLASP). CLASP is a public interest law firm that focuses on the plight of low-income families. For the last decade, a major part of our work has been directed toward improving child support enforcement. As the Subcommittee knows, all too many American children live in poverty and near poverty because of the failure of our current system to establish and enforce child support awards for all the children who need them.

In our work, CLASP has joined forces with low-income parents who despair over the failure of our judicially-based system to obtain or enforce child support orders. We have also worked with state child support program (IV-D) administrators who try valiantly to get the job done with inadequate resources and within a legal system that is hopelessly antiquated.

The system is in need of fundamental change if we are to make a dent in the inexcusably high level of childhood poverty in the United States.

The Poor Performance of the Child Support System

Overall, the American child support system has made little progress in the past few years. According to Census Bureau data:

- in 1978, 59 percent of custodial mothers had child support orders. In 1989, the percentage had dropped to 58 percent.

- in 1978, 49 percent of custodial mothers obtained the full amount of support owed. In 1989, the percentage was exactly the same.

- in 1978, 28 percent of mothers with orders collected no support. In 1989, the number had decreased by only 2 percent.

CLASP recently undertook an analysis of what is happening in the child support system that primarily serves low and moderate income parents, usually referred to as the IV-D program. Using the Office of Child Support Enforcement's (OCSE), 17th Annual Report to Congress, CLASP compared program performance in a number of areas between 1991 and 1992. That report, The State of the States: What the OCSE Annual Report to Congress Doesn't Tell You, revealed:

- Caseload is up substantially in nearly every state. States like California, Connecticut, Indiana, Iowa, Louisiana, North Dakota, Texas and Virginia had increases of over 20% in just one year.

- Despite caseload increases, three states (California, Louisiana, and Mississippi) had no staff increases between 1991 and 1992. Thirteen others had fewer full-time equivalent staff in 1992 then in 1991. Eleven of these states (District of Columbia, Georgia, Iowa, Kentucky, Maine, Missouri, New York, Oregon, South Carolina, Vermont, and Virginia) lost staff despite the fact that the state's child support caseload increased. Tragically, some of the states with the largest caseload increases remained stagnant in their staffing or lost staff.

- While some states showed improvement, many states experienced a substantial decline in one or more areas of performance. Twelve states established fewer paternities in 1992 than they did in 1991. Nineteen states established fewer support orders in 1992 than they did in 1991. In ten of these states (Alaska, Arizona, Florida, Hawaii, Iowa, Michigan, Mississippi, New York, Oklahoma, and Pennsylvania) the drop in the number of orders obtained was precipitous.

- A majority of the states (twenty-eight) saw a decrease in the percentage of cases within the caseload with an order. Dramatic declines occurred in Arizona, California, Connecticut, Indiana and Wisconsin. Only Nebraska and the District of Columbia reported substantial improvement.

- Even more disturbing, 21 states reported a decline in the percent of cases in which a collection was made between 1991 and 1992. This includes dramatic drops in California and Maine. Only Hawaii, New Hampshire, South Carolina and Vermont reported increases of greater than 5% in the number of cases with a collection.

In a similar vein, the Children's Defense Fund (CDF) recently analyzed data from a longer period, 1983 to 1992. Like the CLASP study, CDF found a system that "is failing to deliver on its most basic promise: that parental support should be a regular, reliable source of income for the family, helping put a roof over a child's head and food on the table." Indeed, at its current rate of progress, ten generations of children will grow up before each child served by a state child support agency can be guaranteed even a partial support collection.

The Relationship Between Childhood Poverty and the Child Support System

To understand what the failure of the child support system means in the lives of real children, two summers ago CLASP, in conjunction with the Association for Children for Enforcement of Support (ACES) and the Health and Welfare Council of Nassau County, New York interviewed 300 custodial mothers and asked what happened to them when the father of their children left home and how they fared when they attempted to collect chid support. We found:

- Despite their efforts, three-quarters of the mothers interviewed did not receive regular child support payments for their children. The failure of the absent fathers to pay regular child support forced the children into poverty and near poverty.

- As a consequence, the children lost the chance for a safe and healthy childhood. Too many of the mothers reported that, in the first year after the father left, their children went hungry (32%), lost access to regular health check-ups (55%), and did not see a doctor when they were ill (36%). Children lacked appropriate clothing (e.g., a winter coat) and couldn't participate in regular school activities due to a lack of funds (49%). An astonishing number lost their regular child care because of the cost (57%), and a substantial number were unsupervised while their mother went to work (26%).

- Further endangering the children's well-being, in the first year after the father failed to support his children, more than half the families faced a serious housing crisis. From the data, it appears that there is a direct connection between the failure to pay child support and childrens' homelessness.

- The mothers first tried to support their children on their own. Primarily, they relied on their earnings, joining the labor force for the first time or taking a second or third job. In many cases, the children literally lost both parents - one who walked out on them and another who was so busy trying to keep them housed, fed and clothed that she had little time for parenting.

- When their earnings proved insufficient, most of the mothers next turned to families, friends, churches and private charities, Still, many reported utility shut offs, having credit cards revoked, and selling assets (e.g., a car) to keep going. Ten percent actually had to file for bankruptcy.

- Eventually, a little over half the families applied for Aid to Families with Dependent Children (AFDC), Medicaid and/or Food Stamps. While about one-fifth of the families were poor enough to use Food Stamps before the father stopped supporting his children, over one-half of the families were using Food Stamps after the father left.

- Two-thirds of the mothers interviewed used the state child support enforcement system to help them pursue child support. Yet, 40 percent had not obtained an order at the time of the interview. Of those who did have a child support order, more than one-half still did not receive regular child support payments at the time of the interview.

This link between the failure of noncustodial parents to meet their obligations, childhood poverty and the need for public assistance was reaffirmed in a recent series of hearings held around the country. Sponsored by ChildNet: The National Campaign for Child Support Enforcement and Assurance, these hearings provided custodial fathers and mothers from Long Island and Albany, NY; Seattle, Washington; Sacramento, California, Chicago, Illinois; Atlanta, Georgia; Columbus,

Ohio and Tampa, Florida the opportunity to tell their stories. They told of waiting years for paternity to be established or an order to be set. They told of endless cross country searches for fathers and mothers who were intent on avoiding their responsibilities. They told of working two or three jobs until their health collapsed and they could no longer work to support their children. These families too then needed AFDC, Medicaid and Food Stamps.

Prescription for Reform

Hundreds of ideas have been offered in the last few years on how to fix the child support system. The most difficult task before this Subcommittee is to sift through those ideas and come up with a plan that is 1) capable of implementation; and 2) addresses the root issues. By capable of implementation I mean a plan which is limited enough in scope for the states to be able to put it in place and for OCSE to effectively supervise that process. If the plan is too broad, you will do more harm than good. Joseph DelFico of the General Accounting Office warned of this problem in recent testimony before the Senate Subcommittee on Federal Services, Post Office, and Civil Service of the Committee on Governmental Affairs. He said: "New [child support] requirements common to several welfare reform proposals would add to OCSE's responsibilities for providing guidance through regulations and technical assistance and monitoring state programs--areas that our work shows are already burdened with meeting the demands of existing requirements." Therefore, it is important that your plan be simple, straightforward and address the root issues. Fix the basics first.

What then are the issues you should focus on and where are the models? CLASP suggests the following:

1. Complete the process of streamlining procedures for the voluntary establishment of paternity.

In 1984, in 1988, and again in 1993, Congress required states to overhaul their paternity systems. As a result, greater use is now being made of affidavits to voluntarily establish paternity. However, these affidavit systems are not generally available outside the hospital setting. Moreover, every state is developing its own affidavit form so that, when parents move to a different state, the document may not fit the form required by the new state and may not be honored. In addition, many states treat a paternity affidavit as evidence, not as a legally binding establishment of paternity. In those states a separate legal proceeding still needs to be filed before paternity is established and support can be ordered.

Section 10 of H.R. 4051 provides a blueprint for addressing these problems. This provision requires states to make paternity affidavit procedures available to parents at state birth records agencies. In this way, the paternity of older children and those whose parents missed the opportunity in the hospital can also be voluntarily established. Whether the affidavit is signed in-hospital or at the birth records agency, Section 10 also requires the states to provide an oral explanation and detailed written materials to the mother and father before they sign the affidavit.

In addition, the Secretary of HHS would be required to develop a national paternity acknowledgement affidavit. States would be required to use this affidavit in all voluntary acknowledgement proceedings and would be required to give affidavits signed in other states full faith and credit.

Finally, states would be required to convert the affidavit of paternity into a legal finding of paternity 30 days after it was signed. (If, within the 30-day period, genetic tests are performed, the 30 days run from the date of notification of the test results.) States could convert the affidavit into a legal finding of paternity automatically by operation of law, or they could set up a procedure under which the affidavits are sent to a court or administrative agency for issuance of an actual order. In either case the child's paternity would be legally established in a short period of time.

2. Require greater use of administrative processes for establishing paternity in contested cases and setting or modifying support orders.

In child support cases, speed is of the essence. The longer it takes to obtain or enforce an order, the greater the chance that the children will go hungry or lack medical care. Yet, many states still

rely on time-consuming judicial or quasi-judicial processes to obtain, modify or enforce support awards.

Because it is located in the Executive Branch, the child support agency has no ability to speed up the judicial process. It cannot hire judges or court clerks to handle the cases. Indeed, in a recent ACES survey, 10 percent of the IV-D directors identified a backlog of court cases as the most serious flaw in their state's system.

Some states have handled this problem by having an administrative process system to establish, modify and enforce support orders. The system has a staff whose sole job is child support. If caseload increases, staff can increase to respond to the need. States which use administrative processes find the systems are faster, less costly and less formal. Indeed, nine states in the ACES survey discussed above cited administrative processes as the best feature of their state's system.

Section 636 of H.R. 4605 would require all states to make greater use of administrative processes. It requires states to give their IV-D agencies the authority (and recognize and enforce the authority of other state IV-D agencies), to establish paternity and set support orders. Among the powers state administrative agencies would have are:

- establish support in any case being enforced by the State agency, and modify any support order included in the state central registry, based on State guidelines.
- order genetic testing for paternity establishment.
- enter a default order establish paternity where a putative father refuses to submit to genetic testing; and establishing or modifying a support obligation where a party fails to respond to a notice to appear, and
- order wage or other income withholding and authorize other enforcement mechanisms.

3. Establish a national child support guideline.

Child support guidelines are numeric formulas used to establish parents' support obligations. Currently, 54 different formulas exist so a parent's obligation has more to do with where he/she lives than with the parents' income or the needs of the child. The result, according to a recent study by Maureen Pirog-Good of the University of Indiana is that two children from a moderate income family will receive $284 per month in support in Illinois, but $485 per month if they live in neighboring Indiana; they will receive $415 in Alabama, but only $282 in nearby Mississippi.

Section 8 of H.R. 4051 creates a 15-member Commission on Child Support Guidelines to make recommendations to Congress for a national child support guideline. The Commission would have two years to develop a guideline recommendation based on the best interests of the child.

4. Streamline the process for modification of orders.

In 1988, Congress required states to establish a process for systematically and periodically modifying support orders. This process has not worked well. The process is overly cumbersome for parents, requiring much effort and offering few quantitative results. It is also burdensome for child support agencies. The review and adjustment requirements are resource-intensive, resulting in a process that is either not done well, or is done at the expense of diverting resources from other important child support tasks. Moreover, by establishing a modification scheme in which either parent may request review and adjustment of a child support order, the 1988 law created a potential conflict of interest for IV-D attorneys if they are required to represent both custodial and noncustodial parents. Finally, although the 1988 law requires that, in interstate cases, states determine among themselves which state will review and adjust a child support order, the Act does not establish any standards for such determinations.

Sections 247 and 248 of H.R. 4767 provide a system for addressing these issues. Section 247 establishes a simple self-executing procedure for adjusting orders each year. Every order would contain an automatic cost of living adjustment. On the anniversary date of the order it would automatically increase in accordance with the CPI. In this way, the parties would not have to exchange information or take up time of a hearing officer. There would be no conflict of interest

problem. Moreover, states would not have to wrestle with the problem of adjusting interstate orders. Section 248 provides standards for holding a modification hearing when it is warranted due to substantial changes in income of either party. Thus, there would be a modification hearing process available if one were truly needed.

5. Federalize enforcement of child support orders

The current state-based system of child support enforcement is failing children and custodial parents. Only half of custodial parents with a child support order actually receive what is due. A quarter receive partial payment and the other quarter receive nothing at all. Federalizing child support collection through use of the Internal Revenue Service would solve some of the most serious problems of the current system.

A federalized collection system would be simpler, more efficient and accountable. The state-based collection system has spawned a huge network of state and local child support enforcement agencies. Management, paperwork and interagency communication add costs to the system which could be sharply reduced through federalization. In 1991, $3.82 was collected per dollar of administrative expense, down from 1988, when $3.94 was collected for every dollar spent. Moreover, in a federalized system one agency would be accountable for all support collections, making it easier to isolate failures and devise solutions.

Federalizing collection would ease administrative burdens on employers. Instead of having to cooperate with any number of the 54 separate IV-D agencies, employers, regardless of location, would be able to send all withheld support amounts to the IRS, an agency with which all employers are already familiar.

Federalizing collection would make nonpayment a more serious offense. Most Americans perceive failure to pay taxes to be a weighty matter. That is because Americans recognize that the IRS has the tools and the experience to collect unpaid obligations. Use of the IRS would highlight for noncustodial parents the seriousness with which the society views child support obligations and bring the full weight of the IRS enforcement authority to bear on the collection of support.

Interstate cases, which pose the most problems for the state-based system, now make up 30% of the total caseload. Currently, processing an interstate case requires the successful interaction of multiple state and local agencies. Not surprisingly, in interstate cases over 57% of custodial parents with a support order do not receive regular support. As an agency with federal jurisdiction, the IRS would be indifferent to the location of the absent parent. Moving across state lines would no longer be an easy way to avoid or delay paying child support.

Federalization would reduce the need for other costly and intrusive enforcement mechanisms. The IRS already has access to most of the information needed to collect child support: social security numbers, addresses, employers, income and income-producing assets. Of particular importance, the IRS can reach the income of self-employed absent parents. Successful IRS collection could reduce the need for more intrusive and expensive measures, such as license suspensions and property liens.

Sections 2 through 4 of H.R. 4051 provide a model for federalizing child support enforcement. Section 2 requires the Secretary of the Treasury to establish a national registry of child support orders within the Internal Revenue Service (IRS). Existing orders in cases being enforced by the state IVD agency must be sent to the registry within two years. Other orders must be sent within five years. As they are issued, new and modified orders would be sent to the national registry within five days of issuance. In each case, a brief abstract containing certain specified information would be prepared and entered into the national registry. Section 3 establishes national W-4 reporting. All employees would be required to file a new W-4 form with their employer. Thereafter, a W-4 will be required from each new employee. The W-4 will provide the employer the opportunity to declare that he/she is subject to a wage withholding order for child support and the amount of the order. Based on this information, the employer would immediately begin withholding support from the employee's paycheck. The employer would also send a copy of the W-4 to the national registry for confirmation. The national registry would verify or correct the information and inform the employer. The employer would begin to adjust withholding (if necessary) based on the information received from the national registry.

Under Section 4, parents would pay their child support to the IRS. The self-employed and those whose support was not fully paid through withholding would make monthly IRS payments. At the end of the tax year, a reconciliation would be done. Any support still owed would have to be paid by April 15. If an individual failed to pay on or before that day, the IRS could proceed to collect the delinquent support using the same methods used to collect unpaid taxes.

6. Establish a national child support assurance system.

Once the enforcement system is improved, most children will receive regular, reliable support. Two groups won't fully benefit from improved enforcement alone, however. The first is children whose noncustodial parent will do everything in his/her power to avoid payment. These parents will change their social security numbers, skip constantly from job to job, or work in the underground economy. Eventually, the IRS will be able to catch up with them and hold them accountable. But for some period of time, they will not pay regularly or on time. To protect these children from poverty, a system which provides a child support payment until their parent is made to do so is needed. The second group of children who will not benefit from just improved enforcement alone are those whose noncustodial parents are low-income. Low income parents can and should contribute to the support of their children, but they have a limited ability to do so. If their contributions were supplemented up to a certain minimum level, then their children would have a more economically secure future. With a minimally adequate child support payment coming in each month, the custodial parents of these children might be able to work just one job and still get out of poverty.

Section 6 of H.R. 4051 provides a model for a national child support assurance program. The Secretary of the Treasury would administer this program in conjunction with the enforcement scheme described above. Three types of individuals with children under 18 would be eligible to receive a monthly assured benefit: 1) those who have a child support order being enforced by the IRS; 2) those who apply for services from the state child support enforcement agency, fully cooperate with that agency in establishing paternity and pursuing a support order but do not obtain an order within 18 months; and 3) those with a good cause exemption from cooperation in pursing an order.

The assured benefit would be $250 per month for an individual with one child and $300 for an individual with more than one child. This figure wold be adjusted annually for inflation. For families applying for or receiving AFDC, $100 plus one-half of the remainder of the assured payment would be disregarded as income. Such a system would eliminate poverty for many children and ameliorate it for others. Relying primarily on the parents to support their children, it allows society to step in and protect those children when their responsible parent either will not or cannot do so.

CONCLUSION

Thank you for your consideration of this testimony. CLASP believes that if you follow the path suggested above, this Subcommittee could produce legislation which would truly help America's children.

TESTIMONY OF DAVID MARZAHL
CHICAGO COALITION FOR IMMIGRANT AND REFUGEE PROTECTION

Mr. Chairman and members of the Committee, my name is David Marzahl and I am the Executive Director of the Chicago Coalition for Immigrant and Refugee Protection (CCIRP).

Established in 1986, the CCIRP is a statewide association that brings together representatives of most immigrant and refugee communities in Illinois to promote the rights of immigrants and refugees to participate fully and equally in society. CCIRP's member organizations include community-based organizations, legal service agencies, social service agencies, and mutual aid associations, as well as city and state agencies. CCIRP member organizations are listed in Appendix I.

The United States is a country built by immigrants. Fleeing war and tyranny, reuniting with family and seeking economic opportunity, millions of immigrants have made the US their home. No nation has so successfully combined people from different backgrounds within a single society. This heritage shapes and sustains our nation's commitment to pluralism, diversity, and respect for individual rights. This is a unique source of strength in our country.

Immigrants have brought incalculable benefits to the state of Illinois and to the city of Chicago. Chicago has always been a city of immigrants. Throughout its history, first as a frontier community (founded by Haitian immigrant Jean Baptist DuSable), later as an industrial workhorse, and now as a world class city, Chicago thrives on the strength, vitality and diversity of its immigrant population. The immigrants of today, like those of yesteryear, bring with them a commitment to hard work, a dedication to family values, an inspirational optimism and desire to fulfill their dreams.

Unfortunately, we are currently in the midst of an extremely anti-immigrant mood and xenophobic atmosphere which downplays the contributions immigrants have made and continue to make to American society and threatens to disintegrate the support to which immigrants are entitled. The immigration debate has been fueled by rhetoric, inaccurate data and misinformation that plays on the fears of mainstream America.

This is exemplified by the welfare reform debate, particularly as it applies to the financing provisions. Here we see attempts at immigration reform promulgated through dramatic restructuring of domestic social programs. It is the debate over undocumented immigrants which has undoubtedly led to proposals to cut benefits to legal permanent residents -- immigrants which were welcomed by the US to be reunited with their US citizen family members -- in order to finance benefits for other poor people. It is truly unfortunate that attempts are being made to take advantage of the current anti-immigrant atmosphere in order to move forward with welfare reform proposals.

We strongly acknowledge the need for real welfare reform and commend any effort to help welfare recipients become self-sufficient as well as to become greater contributors to the US economy. We also recognize that any reform, if it is to indeed be a real reform, will be costly. However, any reform proposal which takes away from one group to pay for another is unacceptable. Legal immigrants are certainly as deserving of public benefits as any other group and are as susceptible to unanticipated and unfortunate circumstances which render them in need of public assistance.

IMMIGRANTS AND PUBLIC BENEFITS

Recently, much attention has been given to the costs associated with immigration and to claims that immigrants abuse welfare programs. The fact is that immigrants do not come to the United States to utilize welfare benefits. Rather, recent studies show that immigrants constitute a net gain to the US economy. The Urban Institute has recently published a report stating that immigrants earn $300 billion a year and pay $70 billion a year in taxes -- much more than the $5.7 billion in public benefits that immigrants use each year. The Urban Institute study also challenged the scientific basis of studies that previously

overestimated the public costs of legal immigrants and reported that immigrants contribute at least $30 billion more in taxes to all levels of government than they take in services. Contrary to public opinion, the Urban Institute study also states that immigrants create more jobs in the economy than they fill, and the Department of Labor has reported that immigrants increase aggregate employment through higher rates of self-employment than natives. Finally, the US also benefits from "importing" educated workers whose education was financed outside of the US -- 33% of legal immigrants have a college degree, compared to 20% of the native population.

The US government has taken steps to assure that immigrants do not become burdens on the state. Immigrants are screened before they are given a visa in order to establish that they are not "likely to become a public charge." This public charge exclusion is the single largest reason that visas are denied to would-be immigrants. Perhaps as a result of these precautions, the Urban Institute has shown that immigrants are far less likely to use welfare benefits than native Americans. Only 2% of non-refugee immigrants of working age who entered the US during the 1980s received welfare income in contrast to 3.7% of native Americans of working age. Due to fear of being reported to the INS and their ineligibility for most welfare programs, welfare usage among undocumented immigrants is virtually undetectable.

The unity and preservation of families is a fundamental American value, and is historically at the core of US immigration policy. Family based immigration provides social as well as economic benefits to US society as a whole. Family immigration is a regulated, orderly process under which 75% of new immigrants annually enter the US. Approximately 520,000 legal immigrants who arrive in the US each year are sponsored by US citizen relatives who wish to live with their parents and their children. Besides having to prove that their relatives will not become a public charge, sponsors have their income "deemed" to be available to the immigrant for the purpose of determining eligibility for benefits for three years if the legal immigrant applies for food stamps or AFDC, and for five years if the immigrant applies for SSI. Undocumented immigrants are already barred from almost all federal benefit programs.

The Administration's welfare reform plan would permanently extend deeming to five years for SSI, food stamps and AFDC, and would deem until the point of citizenship any sponsors' income which was above the national median income, regardless of the size of the sponsoring family, which is also dependent on that income. Other welfare reform bills would bar all non-citizens from all or many of the 61 discretionary programs including school lunch programs, the Women, Infants and Children (WIC) Program and emergency food and shelter.

SSI is one federal program that immigrant families do rely upon, especially to assist in the support of elderly and disabled family members. The high cost of health insurance often makes SSI the only practical means of obtaining medical care for the elderly and the disabled. Recent increases in the number of immigrants using SSI benefits have led to accusations that immigrants are abusing the SSI system. However, the vast majority of immigrants do not apply for SSI as soon as they are eligible, In fact, while 30% of immigrant recipients applied shortly after the 3 year deeming period ended, more than half applied after living in the US for 5 or more years, and 28% applied for SSI only after 10 or more years of residence in the US.

The extension of deeming would have disastrous effects on immigrant families. While immigrants rarely utilize welfare benefits, bad things do happen to good people. Accidents, illnesses, tragedies, unemployment, financial hardship and other unforeseen events and circumstances do occur, just as they do in non-immigrant families, thereby rendering welfare benefits legitimate and necessary. Any cuts in the SSI program would have detrimental effects on the US citizen sponsors as well as their immigrant family members. For the 225,000 immigrants who have suffered a disability, denying SSI would sever a lifeline to essential financial, medical and special support services. Without the help of SSI, citizens may have to leave their jobs to care for their disabled family members. For many US citizens who must already plan to provide for their parents for 5 years without assistance, further cuts in the SSI program may mean that they will be unable to reunite with parents,

who in turn have nobody to care for them in their home countries. Cutting AFDC would foreclose young immigrant mothers from the investment in human capital -- job training, child care and health insurance while working -- that welfare reform is designed to achieve. Cutting Food Stamps would further stretch the overextended incomes of poor working families, disproportionately impacting children's nutrition and school performance and the health of elderly immigrants.

Furthermore, any legislation that requires the immigrant to keep track of his/her sponsor's relevant financial records may prove to be an undue hardship on the immigrant, especially when failure to provide documentation could disqualify the immigrant for assistance even if they would otherwise meet eligibility requirements. Furthermore, in families where an abusive situation exists, these requirements could cause immigrants to remain in potentially abusive relationships for the sake of receiving benefits. Cutting their access to public benefits would remove critical assistance which would enable the immigrant to reach or maintain some level of potentially life-saving independence.

IMPACT ON STATES AND COMMUNITIES

Under the proposed financing mechanism, there would be a tremendous cost shift from the federal level to states and local governments, as well as the not-for-profit sector. It is unjust to finance welfare reform by creating unfunded mandates or by transferring support for needy populations to state government through the elimination of federal benefit programs. The elimination of federal programs for legal immigrants does not eliminate the legitimate needs of immigrant families; rather the burden is shifted to state and locally funded programs. Nearly 100,000 persons would be affected by cuts in assistance programs in Illinois alone. Non-profit community groups which already shoulder major responsibility in providing assistance to immigrants and other low income groups would face increased burdens on their services. Once again, welfare reform is not the appropriate forum to continue the ongoing immigration debate.

NATURALIZATION IS NOT THE SOLUTION

Many of the proposed cuts in immigrant eligibility for welfare programs seem to be based on the assumption that immigrants will choose to naturalize as soon as they are eligible to do so. However, due to the obstacles in the naturalization process, most immigrants do not naturalize as soon as they are technically eligible. In order to naturalize, immigrants must pass an English language and a civics test. In most cities there are long waiting lists to get into English and civics classes designed to prepare immigrants to take the citizenship exams. Applications are only available in English and can be confusing and difficult to complete. Overburdened INS offices may have long waiting periods before interviews can be scheduled. In Chicago, for example, there is currently a nine month wait before the INS reviews citizenship applications. Fear of the application process, a substantial application fee, and long processing delays tend to deter eligible immigrants from naturalizing.

The groups most vulnerable to cuts in welfare benefits -- the elderly and the disabled family members of US citizens -- are unfortunately the least likely to naturalize. Although there are laws to ease the naturalization process for persons over 55 years of age, they apply only to those immigrants who have been in the country for at least 15 years. Between the difficulty in mastering English and the problems associated with wading through INS bureaucracy, citizenship is virtually impossible for elderly immigrants. 1990 Chicago Census data shows that 67.9% of persons aged 65 and older who had immigrated to Chicago between 1975 and 1984 were not yet US citizens.

CONCLUSIONS

The various welfare reform proposals, including the one offered by the Clinton Administration, undermine the fundamental principle of family reunification. The vast majority of immigrants who arrive in this country legally do so to be reunited with family members who have petitioned for them. Although it is reasonable to expect that immigrants' sponsors provide some financial support, it is not reasonable that these citizens should be expected to pay taxes to support programs that they and their families cannot

access. Most US citizens who sponsor immigrant parents do support them. However, the high cost of providing medical care to elderly, blind or disabled relatives causes significant financial hardship, even for families with more comfortable incomes. Some of these families turn to SSI to supplement the support they are able to provide to their parents, in order to avoid severe financial hardship. The majority of immigrant families affected by proposed cuts include US citizen sponsors that pay the same taxes into the system that native Americans do. However, an extension of deeming would deny access of the citizen's family to benefit programs which they helped to finance through their tax dollars. Reducing or eliminating welfare benefits to immigrant families sends the message that there is a group of US citizens who can contribute to the support of other people's family members, but cannot receive the same assistance for their own family members simply because they are foreign born. Such a policy creates distinctions between native citizens and naturalized citizens. It also sends a signal to the US citizens who consciously chose to become Americans that they and their families will continue to be treated differently than their neighbors.

There is no inherent link between welfare reform and extending the deeming process for sponsors of legal immigrants as a means to finance that reform. In recognizing the need to pay for the various programs that will ensure reform of the welfare system, research institutions, including the Congressional Budget Office, have suggested a variety of sources other than those that would severely impact legal immigrants, their citizen families and other low income people. Within the half trillion dollars per year of non-Social Security entitlement programs and the entire revenue code that is under the jurisdiction of the House Ways and Means Committee, we are sure that there are other ways to finance welfare reform without destroying programs for the poor or through eviscerating our legal immigration system.

Welfare reform is not the proper forum for an immigration debate. Any welfare reform proposal must not place different groups of disadvantaged individuals in competition with one another for already limited funds or services. In particular, it is crucial that the welfare reform debate in this country not be blinded by the immigration debate. At a time when it is fashionable to make immigrants -- both documented and undocumented -- the scapegoats for a wide variety of social ills, we must remember the positive benefits of immigration and work to keep the doors of the US open to legal immigrants and their families. Misinformation and anti-immigrant rhetoric have led to the false impression that immigration is a problem to be dealt with and that immigrants are costly to the US. Laws that cut or eliminate benefits for legal immigrants send the message that immigrants are not really welcome in the US, especially if they, at some point in their lives, might need public benefits. Such legislation creates a divisive atmosphere in which people who look or sound different are subject to lesser treatment despite their enormous contributions to our country.

It is important that the facts about immigrants be known, and that the strength and diversity they contribute to American society be celebrated.

APPENDIX I

CCIRP Member Organizations and Affiliates

Adult Learning Resource Center
Albany Park Community Center
American Friends Service Committee
Arab American Chaldean Council
Archdiocesan Latin American Committee
Asian Personhood Development Center
Assyrian National Council of Illinois
Baha'i National Center
Cambodian Association of Illinois
Casa Aztlan
Casa Guatemala
Centro de Informacion - Elgin
Centro Romero
Chinese Mutual Aid Association
Citizens Information Service
El Centro of Topeka
Episcopal Migration Ministries
Ethiopian Community Association of Chicago
Exodus World Service
Hebrew Immigrant Aid Society
Hermandad Mexicana Nacional
Hispanic Leadership Alliance Network
Howard Area Community Center
Illinois Partners for Social and Economic Development
Instituto Progreso Latino
International Ladies' Garment Workers' Union
Interchurch Refugee and Immigration Ministries
International Institute of NW Indiana
Jewish Federation of Metropolitan Chicago
Lao American Community Services
Latino Institute
Latino Youth, Inc.
Lutheran Social Services of Illinois
Mexican-American Legal Defense & Educational Fund
Missionary Sisters of St. Charles Borromeo
National Immigration Law Center
Northwestern University Settlement House
Polish American Congress
Polish Volunteer Legal Services
Polish Welfare Association
Por Un Barrio Mejor
Proyecto Asistencia Social
Public Health and Education Association - Midwest
Social Justice Network
Tibetan Resettlement Project - Chicago
Travelers & Immigrants Aid
United Network for Immigrant & Refugee Rights
Vietnamese Association of Illinois
The Women's Office
World Relief
YMCA of the USA
8th Day Center for Justice

Government Affiliates:
Chicago Commission on Human Relations
Cook County Department of Public Health
Illinois Human Rights Commission
Joliet Junior College
Rock Valley College - Adult Ed. Center
Triton College

TESTIMONY OF CHILDREN'S DEFENSE FUND

The Children's Defense Fund, a privately funded research and advocacy organization dedicated to providing a strong and effective voice for children, especially poor and minority children and their families, would like to express our great hope that reforming our welfare system will bring the nation a step closer to ending child poverty in America. We can do enormous good for poor children, families, and the nation through welfare reform. To realize this potential, however, we must begin to tackle the root causes of child and family poverty in America and do our utmost to see that the resources committed to welfare reform are commensurate with the plan's scope and scale.

We should not fail to use this opportunity to correct what is wrong in the current welfare system. But remedies will remain elusive unless and until we focus on the realities of life for poor children and families in America and address the real barriers that force so many to rely upon AFDC for basic income support. We must recognize that most families do not have long continuous stays on AFDC. Only 7 percent of AFDC families enter a continuous spell of eight years or more and 70 percent leave the rolls within two years. But it is equally true that about three-quarters of these families will return to welfare within five years. Real welfare reform must address the reasons why they return, including their inability to maintain child care or health coverage and their reliance upon unstable employment in short-term or part-time jobs.

Elements of the current welfare system that discourage work and marriage should be changed to reward work effort and strengthen families. Messages of parental responsibility should be strengthened, especially to those absent parents who are not contributing to their children's support. Barriers to secure employment at family-sustaining wages -- ranging from inadequate child care, education, and training services to chronic job shortages in many communities -- should be substantially reduced, if not overcome. This effort to reform our nation's welfare system should reflect our most basic values: the importance of work; the responsibility of parents to care and provide for their children; the nurturing of hope for a better life among children and parents alike; and compassion and a helping hand to those who face personal crises or insurmountable barriers to employment.

Reinvigorated federal leadership and increased investments in a number of key areas are crucial to support the work efforts of parents receiving AFDC and to fulfill the promise of the President's welfare reform pledge. We believe Congress must address the following issues to ensure that welfare reform translates into tangible gains for poor children and families:

Job Creation -- The focus on work in welfare reform must include major new investments to create real jobs that leave families better off than they were on AFDC. Lack of stable jobs at family-supporting wages is the main reason why millions of poor parents are forced to turn to AFDC for help. Even amidst the current economic recovery, nearly 8 million Americans are actively

looking for work but unable to find jobs. Many more have grown too discouraged to continue the search, particularly in the poor urban and rural areas where so many AFDC families live. There is no reason to hope these levels of joblessness will decline substantially in the foreseeable future -- indeed, in its attempts to manage the national economy the federal government already has shifted its attention to fears of renewed inflation and is likely to intervene forcefully by raising interest rates if unemployment falls significantly in the coming year.

As a nation, we cannot hope to reduce reliance upon AFDC without changing these realities and creating new employment opportunities for poor parents who are struggling to provide for their children. The Administration's plan recognizes the shortage of private sector jobs by authorizing creation of public sector work assignments through the WORK program. However, this approach is identical in most respects to discredited "workfare" or Community Work Experience Programs (CWEP) in which AFDC parents are required to work in exchange for their AFDC benefits. Despite the Administration's pledge to "make work pay," parents in the WORK program would be no better off financially (except perhaps in a handful of low-benefit states) than they were on AFDC and may even end up worse off after paying required FICA taxes.

In addition, there is no evidence that CWEP programs enhance employability. Even though they often cost more than education, job search, or skills training, repeated evaluations have found that work experience such as that provided through CWEP by itself does not boost future employment or earnings. Recognizing CWEP's shortcomings in this and other areas, states have exercised their discretion under the current JOBS program and reduced the number of CWEP participants nationwide from 18,000 to 14,000 between 1985 and 1992. Yet the Administration proposes to require all states, through the WORK program, to implement a very similar program on an unprecedented scale.

CDF believes that any effective welfare reform effort must include major new investments in real job creation. The Matsui bill (The Family Self-Sufficiency Act of 1994, HR 4767) provides one possible structure for creating public sector jobs when private sector employment is not available, allowing states to use a portion of their JOBS funds for this purpose. Parents in public jobs would be allowed to keep a reasonable portion of their earnings (through the AFDC earned income disregards) and would be eligible for the Earned Income Credit (EIC) under the same rules that apply to all other low-income working Americans. Under the Matsui plan, states could require periodic job search activities and create part-time jobs to restrain costs and preserve incentives for participants to seek permanent employment in the private sector.

Numerous other approaches to job creation also can be considered. The bottom line, however, should be a genuine commitment to work that allows AFDC parents to provide more adequately

for their children. The Administration's rhetorical commitment to "work for wages," combined with provisions that deprive parents of any financial reward for their labors and leave children as poor as they were previously on AFDC, falls far short of what is needed to reinforce the importance of work in the current welfare system.

Financing -- Proposals to offset the costs of welfare reform by slashing other aid to the poor people are unacceptable. Measures that would eliminate or further restrict basic assistance to large numbers of legal immigrants or curb state efforts to prevent homelessness and fund certain child welfare services through the Emergency Assistance (EA) program are unfair and counterproductive. Similarly, allowing states to impose a child exclusion policy that denies AFDC benefits for children born to families already receiving AFDC will exacerbate the problems facing many poor and vulnerable families. Substantial research refutes the claim that women on welfare have babies in order to get more welfare dollars. Professor Mark Rank's Wisconsin study shows that the childbearing rate for women receiving AFDC is lower (45.8 births per thousand women) than for comparably aged women not receiving AFDC (75.3 per thousand), with this rate decreasing the longer a woman remains on welfare. But other studies indicate that about <u>half</u> of all pregnancies, at any income level, are unplanned. We know that some babies will be born to women on welfare, with or without a child exclusion rule. The only question is whether the children will suffer.

Successful welfare reform cannot come at the expense of basic income supports that enable millions of American children and their families to survive from day to day. A more equitable financing structure reflecting a commitment to help children and families in greatest need is essential.

Child care -- Sufficient funds must be invested in child care for AFDC and working poor families. To protect the health, safety, and development of children while parents work, seek unsubsidized employment, or participate in education and training activities, reliable child care is essential. A survey of Illinois AFDC recipients found that child care problems created major barriers to work and training: 42 percent of those surveyed reported that child care problems kept them from working full time; 39 percent reported that child care problems kept them from going to school. Twenty percent of those surveyed had returned to welfare within the last year in part due to child care problems.

Welfare reform should not sacrifice the well-being of children. We fail any child -- of whatever income level -- when we provide unsafe or poor quality child care. The need for quality care is especially acute for low-income children, many of whom are more likely than their non-poor peers to be in poor health, to suffer from delays in growth or development, or to have a significant emotional or behavioral problem or a learning disability. Quality child care can help these children arrive at

school ready to learn and provide important links to other supports that can help the child thrive.

It is essential that welfare reform help ensure that children are protected; that families are adequately counseled about their child care choices; that the rates for child care and the payment mechanisms used give parents access to safe, high-quality programs for their children; and that funding is set aside to help states improve the quality and availability of care for our poorest children.

We also cannot meet the crucial challenge of welfare prevention unless we make major new investments in child care for working poor families. For these families, help with child care is a lifeline in their efforts to remain in the workforce. Without such help, the cost of care can be prohibitive: while Census Bureau data tell us that non-poor families spend an average of six percent of their income on child care, low-income parents who pay their own child care costs carry a staggering burden, paying roughly a quarter of their income for child care.

Our current child care funding system pits these two very deserving groups -- families struggling to leave the welfare rolls and families struggling to stay in the workforce and avoid the need for welfare -- against each other in a competition for scarce funds. States anxious to get families off the welfare rolls and to maximize federal reimbursements have focused most of their child care dollars on AFDC families in training programs or moving into jobs. Under these circumstances, working poor families often find child care subsidies unavailable. A 1993 50-state CDF survey found that 31 states and the District of Columbia had waiting lists for child care assistance. These waiting lists are formidable. Illinois had 30,000 children waiting for child care. In California, as well as in many areas of Texas, it takes two to three years to reach the top of the waiting list. As one administrator noted, for many families there is no hope of ever getting help.

Without significant new federal child care investments, this competition will be exacerbated under welfare reform, as more welfare families participate in training or employment activities. After they use up the one year of transitional child care available under the Clinton bill (the Work and Responsibility Act of 1994, HR 4605), nothing will have happened to increase their income to the point where they will no longer need a child care subsidy. The Clinton plan's $1.5 billion over five years for At-Risk child care (for working poor families) is vitally important but alone is insufficient to meet the increased demand. New investments are important both for welfare families and for the working poor.

Preserving a safety net -- Poor parents who "play by the rules" and poor children deserve basic income support as long as they are in need. As long as parents who are receiving welfare are willing to work, a public sector job must be provided; if

unavailable, the basic AFDC safety net must remain in place. We commend the Administration for preserving this fundamental principle. CDF does oppose, however, the use of "full family sanctions" where the entire family would lose all help if a parent fails to comply with all welfare rules. Although this type of sanction would be vastly more punitive than current law, there is no research evidence to show that such severe sanctions are necessary or effective. In fact, some of the job training programs for AFDC recipients which have had the best track records for participation rates and earnings gains have been largely voluntary.

Full family sanctions come at great cost. Families without income are at great risk of homelessness and family break-up. Pushing children into foster or group care is enormously expensive and needlessly damaging. Over the longer term, the greater impoverishment caused by full family sanctions may do grave harm to children. For example, the poorer a child is, the more likely it is that (s)he will experience stunted growth and physical or mental disabilities or chronic health conditions serious enough to limit daily activities in future years.

Health coverage -- For welfare reform to succeed, families must be guaranteed health insurance that they cannot lose in the form of universal coverage with comprehensive benefits. Lack of decent health insurance in low-wage employment is a major barrier for recipients who are trying to leave welfare for work., No effort to move parents on AFDC into the private labor market will be effective without the assurance that health coverage will be continuously available.

Child support -- Strengthened child support enforcement is a key component of welfare reform. The failure to pay child support is a problem in every state. Indeed, as a country we are more faithful about paying for our cars than for our children: in 1992, the default rate for used car loans was less than three percent, while according to the Census Bureau the delinquency rate for child support owed to mothers was 49 percent in 1990.

A recently issued CDF report etches in stark relief the need for bold reform. States made some progress from 1983 to 1992. However, on the most basic of all measures -- the percentage of cases that have at least some support collected -- children are not significantly better off. In 1983, states made at least a partial collection in 14.7 percent of their cases. By 1992, the proportion of cases in which collections were made had edged up to 18.7 percent. At this rate of improvement, it will take over 180 years before each child served by a state agency can be guaranteed that at least some child support will be collected in any given year.

We believe that child support reform must include child support assurance, coupled with aggressive efforts to improve enforcement. Ultimately, enforcement should be centralized in a federal agency such as the Internal Revenue Service. Using the tax system to collect support sends a powerful message: that supporting

our children is as fundamental a civic responsibility as paying taxes and that failure to pay has real consequences.

If these measures are not feasible in the short term, immediate improvements must be made in the current system. The Administration's proposal contains key reforms that strengthen federal assistance in collecting support, correct state resource shortages, build on successful models, and authorize child support assurance demonstrations.

Rep. Robert Matsui's welfare reform proposal, H.R. 4767, incorporates the key principles outlined above and offers a strong framework for Congressional action. This approach would move us aggressively forward without sacrificing fairness or pushing children and families deeper into poverty. It would expand dramatically work-related activities for parents receiving AFDC while at the same time providing the additional investments in education, training, job creation, and child care that are essential to its success. The child support enforcement system would be greatly strengthened, financial incentives to work for AFDC recipients would be strengthened, and teen parents would receive attention immediately upon joining the welfare rolls.

CDF particularly supports the following provisions of the Matsui bill which can serve as major building blocks for any new welfare reform initiative:

- In contrast with the rigid structure of the Administration's WORK program, the Matsui bill focuses on results -- parents moving from welfare to work -- and gives states much greater flexibility and resources to accomplish this task. The number of welfare parents who are required to work would be increased dramatically in the Matsui bill and states would be given the flexibility to use JOBS funds to target the age group(s) the state deems most appropriate. The Administration's bill denies states this flexibility to use available resources for various age groups. States also would have the option in the Matsui bill to use a portion of their JOBS funds for real job creation when private sector jobs are not available.

- Child care funding for the working poor would be increased by $2 billion per year by FY 1999 in the Matsui bill versus only $1 billion per year by FY 2004 in the Administration bill. Additionally, the Matsui bill would not require states to lower to age one the exemption for the youngest child, enabling states to spend scarce child care dollars on those most able to work and on child care subsidies for working poor families to help them stay in the workforce.

- The earnings disregards would be improved, requiring states to disregard at least $120 and one-third of the remainder of earnings when determining a family's amount of assistance (and allowing states to exclude as much as $200 and 50 percent of the remainder of earnings). The Administration's bill, while

allowing states to do better, would no longer require the current disregard of one-third of earnings during the first four months of employment. The Clinton bill would make it possible for states to make it even harder for mothers entering low wage employment; the Matsui bill would make it somewhat easier to enter and stay in the labor force.

- The child support system would be greatly strengthened through a number of important provisions: expanded child support assurance demonstrations that test the viability of this approach; staffing provisions that require states to achieve basic child support outcomes or staff up so they have the resources to get the job done; and more streamlined procedures for periodically reviewing and modifying child support orders.

The Matsui bill also omits a number of provisions in the Administration's bill that threaten to push children and families deeper into poverty. Two of the most important examples are the state option to impose a child exclusion provision and the requirement to impose a full family sanction in a number of circumstances.

The need to protect children from severe deprivation will not disappear until we address the underlying causes of child poverty in America. We must recognize that a typical mother under age 30 raising children on her own -- whether or not on AFDC -- had an income of only $7,280 in 1992, a figure 35 percent below that year's federal poverty level for a family of three. Low-income families have been losing ground over the past twenty years: for example, young single mothers with children as a group had 28 percent less purchasing power in 1992 than in 1973. If we are to help families move out of poverty, we must design strategies which combine income from several sources (work, child support, and supplements such as the EIC or earned income disregards) and reduce essential expenses like child care and health coverage.

If we set realistic goals that are consistent with the resources at hand, this welfare reform effort can at least move in the right direction in promoting work, responsibility, and eventual self-sufficiency. If we merely impose a rigid new set of requirements on families receiving AFDC without providing more effective assistance to overcome their barriers to employment, we only will add to the plight of our nation's poorest and most vulnerable children.

CHILDREN'S RIGHTS COUNCIL
ALSO KNOWN AS
NATIONAL COUNCIL FOR CHILDREN'S RIGHTS

220 Eye Street N.E., Ste 230, Washington, D.C 20002-4362 Telephone (202) 547-6227 1-800-787-KIDS
Fax (202) 546-4CRC (4272)

OFFICERS:
David L. Levy, Esq., President
Anne Keller, Vice President
John L. Bauserman, Vice President
Jon W. Downs, Financial Vice President
Ellen Dublin Levy, Secretary

HONORARY PRESIDENT:
David Brenner, Entertainer
New York, New York

GENERAL COUNSEL:
Michael L. Oddenino
Arcadia, California

DIR. OF INFORMATION SERVICES:
Ed Mudrak

DIRECTOR OF PUBLICATIONS:
Deanne Mechling

NATIONAL SPOKESPERSON:
Doug Supernaw, Country Music Singer

ADVISORY PANEL:
Rabbi Mendel Abrams, D. Min.
Former President, Board of Rabbis
of Greater Washington, D.C

David Birney, Actor
Santa Monica, California

Sam Brunelli, Executive Director
American Legislative Exchange Council
Washington, D.C

Jim Cook, President, Joint Custody
Association, Los Angeles, California

"Dear Abby"
(Abigail Van Buren)
Los Angeles, California

Honorable Dennis DeConcini
U.S. Senator, Arizona

Karen DeCrow
Former President of N.O.W.
Jamesville, New York

Elliot H. Diamond, Co-Founder, CRC
Reston, Virginia

Phyllis Diller, Comedienne
Los Angeles, California

Ethel Dunn, Executive Director
Grandparents United for Children's Rights
Madison, Wisconsin

Meyer Elkin, Co-Founder
Association of Family & Conciliation Courts
Beverly Hills, California

Warren Farrell, Ph.D., Author
Former Member of the Board of
Directors, New York City N.O.W.
Encadia, California

Larry Gaughan, Director, Family
Mediation of Greater Washington, D.C

Jonathan M. Goodson, President
Mark Goodson Productions
Los Angeles, California

Ronald T. Haskins, Ph.D., Associate
Director, Bush Institute for Child and
Family Policy, University of North
Carolina, Chapel Hill (1978-85)

Jennifer Isham, President
Mothers Without Custody (MWOC)
Crystal Lake, Illinois

Joan Berlin Kelly, Ph.D.
Executive Director
Northern California Mediation Center
Corte Madera

Elisabeth Kubler-Ross, M.D.
Author, Psychiatrist
Head Waters, Virginia

Vicki Lansky
Author, Columnist
Deephaven, Minnesota

James Levine
Families and Work Institute
New York, New York

July 7, 1994

To Members of Congress:

It is time to reform welfare. We must change the system under which our only criteria are that beneficiaries must continue to neither work nor marry. Children are harmed when the unintended consequence of policy is to favor non-working, single parent households over all others. Most law-abiding citizens work 40 to 45 years to qualify for a social security benefit that is smaller than a teenager's welfare package.

Welfare reform requires attention to four areas: responsibility, paternity, accountability, and eligibility.

Responsibility. Every welfare recipient should be required to devote 40 hours per week to some combination of job search, training and work, with a strong emphasis on work. Revising current programs to end the existing discrimination against two-parent families will also increase access to child-care from both parents and reduce the cost of day-care needs.

Paternity. Current policy fails to distinguish between "runaway" and "thrown away" or "driven away" parents. Successful paternity establishment requires that fathers must be accepted and respected in all programs as family members rather than merely as cash donors.

Accountability. Prior efforts at reform have been reluctant to impose sanctions against uncooperative and irresponsible adults because of a fear of "punishing the child." The reality is that current policies allow children to be held as hostages to guarantee continued subsidy of adult irresponsibility.

A NON-PROFIT, TAX EXEMPT ORGANIZATION STRENGTHENING FAMILIES & ASSISTING CHILDREN OF DIVORCE

Dr. Carl H. Mau, Jr.
General Secretary
Lutheran World Federation (1974-85)
Geneva, Switzerland

John Money, Ph.D., Professor of
Medical Psychology and Pediatrics
Johns Hopkins University and Hospital
Baltimore, Maryland

Kevin Ricker
President, Stepfamily Association
of America, Lincoln, Nebraska

Debbie Stabenow
State Senate, Michigan

CHILDREN'S RIGHTS COUNCIL
ALSO KNOWN AS
NATIONAL COUNCIL FOR CHILDREN'S RIGHTS

220 Eye Street N.E., Ste. 230, Washington, D.C. 20002-4362 Telephone (202) 547-6227 1-800-787-KIDS
Fax (202) 546-4CRC (4272)

OFFICERS:
David L. Levy, Esq., President
Anna Keller, Vice President
John L. Bauserman, Vice President
Jon W. Dowle, Financial Vice President
Ellen Dublin Levy, Secretary

HONORARY PRESIDENT:
David Brenner, Entertainer
New York, New York

GENERAL COUNSEL:
Michael L. Oddenino
Arcadia, California

DIR. OF INFORMATION SERVICES:
Ed Medrak

DIRECTOR OF PUBLICATIONS:
Deanne Meehling

NATIONAL SPOKESPERSON:
Doug Supernaw, Country Music Singer

ADVISORY PANEL:
Rabbi Mendel Abrams, D. Min.
Former President, Board of Rabbis
of Greater Washington, D.C.

David Birney, Actor
Santa Monica, California

Sam Brunelli, Executive Director
American Legislative Exchange Council
Washington, D.C.

Jim Cook, President, Joint Custody
Association, Los Angeles, California

"Dear Abby"
(Abigail Van Buren)
Los Angeles, California

Honorable Dennis DeConcini
U.S. Senator, Arizona

Karen DeCrow
Former President of N.O.W.
Jamesville, New York

Elliot H. Diamond, Co-Founder, CRC
Reston, Virginia

Phyllis Diller, Comedienne
Los Angeles, California

Ethel Dunn, Executive Director
Grandparents United for Children's Rights
Madison, Wisconsin

Meyer Elkin, Co-Founder
Association of Family & Conciliation Courts
Beverly Hills, California

Warren Farrell, Ph.D., Author
Former Member of the Board of
Directors, New York City N.O.W.
Lencadia, California

Larry Gaughan, Director, Family
Mediation of Greater Washington, D.C.

Jonathan M. Goodson, President
Mark Goodson Productions
Los Angeles, California

Ronald T. Haskins, Ph.D., Associate
Director, Bush Institute for Child and
Family Policy, University of North
Carolina, Chapel Hill (1978-85)

Jennifer Isham, President
Mothers Without Custody (MW/OC)
Crystal Lake, Illinois

Joan Berlin Kelly, Ph.D.
Executive Director
Northern California Mediation Center
Corte Madera

Elisabeth Kubler-Ross, M.D.
Author, Psychiatrist
Head Waters, Virginia

Vicki Lansky
Author, Columnist
Deephaven, Minnesota

James Levine
Families and Work Institute
New York, New York

MULTI-ORGANIZATIONAL WELFARE REFORM POSITION

There is widespread agreement that the current welfare system is destructive of the families it was intended to help. Despite its good intentions, the government has made a devil's bargain with the poor -- "We will give you money as long as you continue to neither work nor marry." Current programs and many reform proposals are patronizing. They assume that large classes of citizens are simply too stupid and incompetent to make any current or near term contribution to their own support. Real welfare reform requires recognition that there is no respect for the individual unless there is respect for the individual's labor.

"Making Work Pay": Rhetoric and Reality

Work always pays. Our problem is that we have established a parallel system under which non-work often pays better. Most law abiding citizens work 40 or 45 years to qualify for a social security benefit that is smaller than a teenager's welfare package. Many welfare recipients are not unemployed,

Dr. Carl H. Mau, Jr.
General Secretary
Lutheran World Federation (1974-85)
Geneva, Switzerland

John Money, Ph.D., Professor of
Medical Psychology and Pediatrics
Johns Hopkins University and Hospital
Baltimore, Maryland

Kevin Ricker
President, Stepfamily Association
of America, Lincoln, Nebraska

Debbie Stabenow
State Senate, Michigan

job preferences. Community service jobs (e.g., assignment to charitable organizations) provide benefits to the community and training to the employee at little or no government cost. Many of the current, unmet needs of communities can be satisfied by this new pool of labor as a supplement to, rather than a substitute for, current employees.

All programs must be open to and end the current discrimination against two parent families. In two parent families, at least one parent must satisfy the 40 hour requirement.

Welfare reform should also begin the process of examining barriers to entry-level job creation. Many worthy tasks in society are not performed because the total cost of obtaining labor, including regulatory and recordkeeping burdens, exceeds the value of the service. We need to examine the extent to which willing workers have been priced out of the market by government mandates.

Parents should continue to receive transitional benefits when they start to work in the form of purchase of care vouchers for licensed child care. As discrimination against two parent households is eliminated, a greater number of children will have access to child care from both parents. Finally, a portion of the community service assignments can be made to child care organizations to increase the available supply at little or no incremental cost. The Head Start Program already utilizes large numbers of low income parents who begin as unpaid interns and progress to paid staff and supervisory positions.

4. Eligibility

Under the law of each state, parents have an obligation of financial responsibility for their minor children. If the minor children themselves become parents, the minor parents should continue to be the obligation of their own parents. Accordingly, the birth of a child to minor parents may create a requirement for welfare assistance to the new infant but does not create a requirement for assistance to the minor parents unless their own parents are unable to supply the required support. Minor parents must live with or at the expense of their own parents. Payments on behalf of the new infant should be made to the parents of the minor parents as their guardians.

Welfare payments should be limited to citizens and immigrants with refugee status.

Income based eligibility standards should consider both the income of the parents and any resources that are voluntarily available from the kinship network.

Fraud must be addressed as a serious matter. Welfare benefits are based on the applicant's self-reporting of available income. If welfare fraud has concealed additional income, welfare eligibility must be recalculated, at a minimum, to include the demonstrated capacity for self support. Other fraud reduction mechanisms including electronic transfers and improved identification verification must be adopted.

The Earned Income Tax Credit (EITC) must be modified to reduce the incentive and opportunity for strategies such as over-reporting of income to maximize benefits and to reduce discrimination against two parent families. Currently, many working class couples are ineligible for EITC but, simply by splitting into two dysfunctional fragments, both become eligible.

CHILDREN'S WELFARE ACT OF 1994
The Kinship Network As A Substitute For Welfare

SECTION ONE **FINDINGS AND PURPOSES**

The Legislature of the State of _____ hereby finds that:

Welfare programs are intended to provide temporary economic sustenance for individuals while they seek to enter the workforce and eventually extricate themselves, and their dependents, from poverty.

Welfare programs have fallen short of this goal, as individuals receiving assistance are usually unable to find and retain jobs.

The inability to find and retain jobs often is caused by burdens of caring for dependent children.

The failure to escape poverty persists through the generations, as children of welfare families go onto welfare rolls as adults, resulting in a needless waste of human potential as well as economic and other costs to society.

A primary cause of intergenerational welfare dependency is the adverse impact of the welfare environment upon children.

To break intergenerational welfare dependency requires, where possible, the separation of children from the welfare environment and their placement into family situations that will be conducive to rejection of the welfare career.

Current welfare provisions lack measures that would assist in the elimination of intergenerational welfare dependency and, indeed, actually encourage such dependency by ignoring the availability of non-welfare alternatives for dependent children.

It is therefore in the public interest to amend the welfare laws to eliminate the encouragement of intergenerational welfare dependency and to promote the placement of children in non-welfare environments more conducive to an economically and socially productive adulthood.

SECTION TWO **AMENDMENT TO PUBLIC LAW NO._____**

Section ___ of Public Law No. ___ is hereby amended to add a new subsection___ as follows:

No person shall be eligible to receive benefits under this program by reason of the need of that person to support one or more dependents under the age of 18 unless the administrator [*or agency or other appropriate official*] has certified, after undertaking diligent efforts, that there are no relatives of such child who are fit and willing to provide for the needs of the child [*or assume custody*] without resort to welfare dependency. Such certification shall be required prior to initial entry into the program and, thereafter, upon periodic review of eligibility conducted annually. An applicant's preference for welfare payments rather than family assistance shall not be a basis for granting welfare eligibility unless the administrator [*or agency or other appropriate official*] has certified, after making diligent investigation, that family assistance will be detrimental to the safety of the child.

Testimony on the Child Care Provisions
of the
Work and Responsibility Act of 1994
H.R. 4605 / S. 2224

Submitted to the
Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives

Friday, August 26, 1994

As Prepared by
Roberta A. Wroblewski &
Elissa J. Bassler
Advocacy Department
Day Care Action Council of Illinois

Established in 1969, the Day Care Action Council of Illinois (DCAC) is a not-for-profit membership organization of parents, child care centers, home day care providers, educators, and others who are dedicated to the promotion and expansion of quality child care services in Illinois. DCAC believes that child care should enhance family and community life. It is therefore DCAC's mission to achieve affordable, available, quality child care for all families who need it.

DCAC thanks the Committee for the opportunity to submit comments on the Work and Responsibility Act of 1994 (H.R. 4605/S. 2224) and offers the following testimony:

Welfare Reform and Federally Subsidized Child Care for the Working Poor [1]

President Clinton's Work and Responsibility Act of 1994 aims to move families from the welfare rolls to the work place; however, it does not provide sufficient child care support to sustain this transition. Child care is obviously a key component to making this transition permanent because very few low-income families can afford to have a potential wage-earner stay home full-time to take care of their children. **If the federal government were truly serious about supporting working families, subsidized high-quality child care would be an entitlement for all low-income families, regardless of their AFDC status or history.**

Within the last decade, the federal government has made laudable strides toward reaching this goal. The first substantial enhancement was included in the Family Support Act (FSA) of 1988 by way of a Child Care Guarantee for all working parents on or newly off of AFDC through (Social Security Act) Title IV-A funds. These enhancements included the year-long Transitional Child Care entitlement, established specifically for those families just off of AFDC. Later, in 1990, a capped entitlement program was also established, the IV-A "At-Risk" program, for families at risk of being on AFDC. All of these IV-A funds require a minimum state match of 50 percent. At that same time, a non-matched discretionary child care subsidy for the working poor was established through the Child Care and Development Block Grant.

Despite these major gains, the federal child care subsidies still do not meet the country's current need. This insufficiency remains a huge barrier to welfare reform success.

Positive Child Care Provisions of the Work and Responsibility Act of 1994

Fortunately, the Work and Responsibility Act of 1994 contains some very positive provisions

[1] The Committee should note that although the Head Start program is federally funded, it is not designed specifically for the working poor (as it is typically not a full-day program) and therefore is not discussed in depth in this testimony.

which ameliorate some of the inadequacies of current federal child care subsidies. The Act would implement cohesive standards and regulations regarding all federally funded child care -- IV-A and CCDBG alike. It also creates a $15 million program to help states improve quality and build supply (although these funds require a 50 percent match) and gives states the option to use 10 percent of their IV-A "At-Risk" allotment toward this same end. Even more helpful, the Act increases the IV-A federal match rate to at least 70 percent. Finally, the Act contains provisions to extend hours and weeks of Title IV-A care when reasonable in order to assure continuity of care. These proposed improvements are evidence that the Administration is aware of the currently fragmented state of federal child care programs. Greater cohesiveness is a significant step toward the end goal of seamless subsidized child care services. However, the Committee must realize that the federal subsidized child care system is not only fragmented at present, but gravely underfunded given the needs of this nation's poorest families.

The Current Status of Federally Subsidized Child Care for the Working Poor

As a result of the current shortage of federal child care subsidies, there are long waiting lists nationwide. In Illinois, over 30,000 families are on waiting lists for working poor subsidies, such as the CCDBG. Since Illinois reached its IV-A "At-Risk" cap in November, 1993, an estimated 167 families a month have been left without child care assistance after their Transitional Child Care ran out. Many of these working poor families have been forced to scrape together admittedly very low quality child care arrangements or simply stop working because they cannot afford child care at all; many have been forced to go back onto AFDC.

A 1991 study commissioned by the Illinois Department of Public Aid (IDPA) revealed that finding and affording reliable child care may well be *the single most important factor* for parents seeking to get off and stay off welfare in Illinois. Of the 3,800 single-parent families surveyed, child care problems prevented 42 percent of them from working and 39 percent from going to school full time. In addition, 42 percent of the teenage parents surveyed reported they had to quit school within the last year because of child care problems. The most dismaying result of the survey was that 20 percent of the entire sample said they had to return to public aid within a year because of child care difficulties.

Transitional Child Care

The one-year time limit on the Transitional Child Care program is a major impediment to a permanent transition into the work force. Ideally, this program would either be non-durational and means-tested only, or succeeded by other types of child care subsidies for the working poor, for which these families clearly qualify. Unfortunately, because these subsidies are in such short supply, families who have struggled in earnest to get off of welfare, find themselves despairingly in an endless cycle of work and welfare. Once their Transitional Child Care support runs out, these families simply cannot afford to work and therefore often leave gainful employment and go back on AFDC. In many cases, this is done only to requalify for another year of Transitional Child Care. The Act's continuance of the one-year time limit on Transitional Child Care will undoubtedly only transform the current cycle between private sector work and AFDC, into one between work and the WORK program. TCC must become a non-durational, means-tested only entitlement for families at or below 75 percent of the median state income.

IV-A "At-Risk"

Regardless of their AFDC history, every working poor family unable to obtain child care assistance is at risk of falling onto AFDC. A welfare reform proposal that has as its goal helping families become productive members of the work force and make work pay, would provide child care subsidies for every eligible family (at or below 75 percent of the state

median income). The Administration estimated that the full cost of meeting this need would be $15 billion. **Therefore, the Act's proposed $1.5 billion, five-year increase in "At-Risk" satisfies only *one-tenth* of the estimated need and is insufficient to achieve the goal of helping families successfully enter and remain in the work force.** Early versions of the Administration's plan called for a $5 billion "At-Risk" increase. While the Act does make these funds more accessible to states through an enhanced federal match rate (70 percent minimum), **$1.5 billion simply isn't enough.**

Provider Payment Rates and the Supply of Quality Care

The Act provides for no increases in the current substandard subsidized child care provider payment rates and therefore significantly undermines the quality of care available to low-income families. The 75th percentile of the actual cost of care in any given state is still upheld in the Act as the federal rate ceiling, while permitting even lower individually-determined statewide limits. Fortunately, the Act puts a floor on these rates: payment rates may not fall below those set as of January, 1994. Nonetheless, in not permitting payment rates at the full cost of care, the Act's provisions continue to rely on "good-hearted" subsidized child care providers to provide quality care for less than the actual cost.

This cap severely limits the number of providers of quality care who are willing or able to accept subsidized clients. Current estimates in the state of Illinois indicate that as a result, at least one-third of all IV-A child care providers and one-fifth of CCDBG providers are license-exempt home providers. Government funds are therefore often spent on providers who have not met even the minimal standards of quality achieved through the licensing process. In Illinois, basic safety standards are met by license-exempt providers according to self-report only. Many states have *no* minimum standards for license-exempt care. A California study of license-exempt and home care providers found that 5 percent of such providers had criminal records, and 60 percent of the 5 percent had been convicted of child abuse. Only 19 states currently conduct criminal background checks on license-exempt providers.

In addition to the pressures on *quality* caused by low provider rates, provisions in the Act can have a substantial impact on the *supply* of quality care. The IDPA study of current and former AFDC recipients referred to above verified the particular difficulty that such parents have in securing high quality care. Over 65 percent relied exclusively on informal home care arrangements -- 77 percent were using informal arrangements as some part of a mix of child care arrangements, despite the fact that over half of these parents would have preferred licensed, formal child care settings. This is due not only to payment rates but also to the type of work and school arrangements public aid recipients most often find. Low paying jobs, part-time jobs, and jobs that require working nights and weekend shifts are typical of the type of work presently available to those with the low-skills that are characteristic of the AFDC population. As a result, such low-income parents need the least expensive and most flexible kind of care, often involving multiple providers. Fully 70 percent of the sampled parents reported problems when their usual child care arrangements fell through. Unsurprisingly, these parents experienced more child care-related absenteeism and late arrivals at work and school than did those parents using center-based care. Were licensed child care available to these families at untraditional hours, these problems would be greatly diminished.

Licensed care too often is not an option for poor families, even if they work standard daytime hours, because it is extremely scarce in low-income neighborhoods. The same IDPA study found that the statewide ratio of children under ten per licensed care slot was twelve children per slot statewide. Tellingly, this ratio was 10.3 children per slot in the highest income zip code-determined quintile, 16.1 children per slot in the lowest income quintile, and a full 18 children per slot in inner city zip code areas. The study found that while most of the few licensed providers in low-income areas accept subsidized clients, many reported that they had

to limit the number of subsidized children they could accept because most state rates fell short of their actual cost of care by an average of 23 percent.

In sum, high quality child care is currently provided through government funds only when the subsidized client works standard daytime hours and the particular provider is highly skilled and devoted to the child(ren) under care *and willing to subsidize the provision of quality care through her or his low wages.* Poor families have clearly been relegated to informal, unlicensed care lacking objective standards of quality. It is imperative that more federal funds be allocated toward expanding the amount and types of licensed care available (e.g., offering nighttime hours) and assisting informal providers in achieving and maintaining high levels of quality (e.g., through training and resources).

The Committee must understand that because payment rates for child care providers are so low, child care staff turnover rates can reach as high as 40 percent, particularly among subsidized providers. Child care providers many times seek another type of work because of the universally low wages. This inconsistency in care providers clearly has negative developmental implications, particularly for at-risk children.

The government must lead the way in monetarily valuing the work of the professionals caring for our children during the children's most critical developmental period. Higher payment rates for subsidized child care providers would greatly foster the much-needed expansion of the supply of higher-quality licensed child care available to the poorest families. The alternative is continued use of government funds for unstable, lower quality environments which we know can be irreparably damaging to our most vulnerable children.

Despite these obvious needs, the supply-building and quality-enhancing set-asides in federal funds are currently very limited. The percentage of CCDBG funds allowed for administrative and quality enhancement costs may be increased from 10 to 15 percent through recently proposed HHS regulations for all federally funded child care program. As stated above, the Work and Responsibility Act does allow states the option of using 10 percent of IV-A "At-Risk funds for this same purpose. This is an excellent and much-needed step in the right direction, but given the urgent need for direct service increases, states will be hard-pressed to take this option. If such funds were instead *required* to be used for quality, at least *some* quality improvements could be made.

Child Care Recommendations for the Work and Responsibility Act of 1994

1. **Increase IV-A "At-Risk" to $5 billion over five years.**

2. **Eliminate the statewide limit on payment levels that allow states to pay the below the 75th percentile.**

3. **Require states to pay at minimum, the 75th percentile of the actual cost of care and permit federal matching for payments above the 75th percentile.**

4. **Require a quality/supply building set-aside for IV-A "At-Risk."**

5. **Make the Transitional Child Care program a non-durational, means-test-only entitlement for parents leaving public aid for private sector work.**

Greatly Problematic Provisions of the Act *vis a' vis* the Supply of Child Care

Some basic tenets of this welfare reform proposal will create an unprecedented demand for quality subsidized child care More specifically, three major provisions of the Work and

Responsibility Act of 1994 not only perpetuate, but actually *exacerbate* the ongoing problems in the provision of child care in the U.S.

1. **The first of these harmful provisions is that the time-limit phase-in group is young adults born after 1971 (about 25 percent of whom are teenagers).** Because these families are young, they will logically have very young children and therefore will require child care designed for infants and toddlers. There is a dearth of this type of child care, the type currently in the greatest demand. Consequently, it is extremely difficult to find high quality infant/toddler care *even for middle- and upper-income families*, especially if formal or licensed child care is preferred, as is appropriate among low-income families who are concerned about quality.

2. **A second greatly troublesome aspect of the Act is its implementation of new stricter JOBS-mandates.** These would require participation of parents as soon as their youngest child reaches age 1 as opposed to the current exemption status granted to parents until their youngest child reaches age 3 (however, at their option, states may now mandate parents once their youngest child is age one). Furthermore, if the parent is on AFDC when the child is conceived (as a parent or dependent on their parent's grant), or if the parent is under 20 years of age without a high school diploma, the Act mandates the parent to participate in the JOBS program when the child is *only 12 weeks old. These stricter mandates will obviously compound the strain on the small supply of quality infant/toddler child care noted above.*

3. **A third gravely problematic aspect of the Act is its treatment of teen parents.** This Act implements much stricter subsistence-threatening sanctions on teen parents, with the two-year time limit on AFDC to be applied to teens after they turn 18, regardless of whether or not they have completed secondary school. Child care plays an absolutely key role in services for teen parents and yet, as noted above, there simply isn't a ready supply of high-quality comprehensive infant and toddler care. Teens require even more intensive supportive services than other AFDC parents and therefore should have access to child care designed specifically for their much greater needs. When mandated to leave their children, teen parents are known to be more likely to turn to informal care arrangements which are generally of lower quality than formal care arrangements (such as licensed centers or day care homes). Under the Act, most teen parents would be mandated to put their children in care at 12 weeks of age. The developmental impact of such a mandate is obviously amplified in the case of families headed by teens because here the healthy development of the *parents* as well as the children is highly at risk.

   Without adequate funds for the development of *high-quality* child care settings designed specifically for teen parents and *truly comprehensive case management*, stricter sanctions and greater mandates should not be placed on teen parents. *There is no empirical evidence that such punitive approaches lead to high rates of success in helping teens move into gainful private-sector employment.*

This country's child care infrastructure is in no way ready to handle the deluge of infants and toddlers that will be created by these three tenets of the Act. The fact is that *paying for* the child care of members of the phase-in group (as per the Child Care Guarantee of the Family Support Act of 1988) is only *part* of the solution. Very recent data verify the difficulty experienced by AFDC families in finding either licensed or informal care if they have infants or toddlers. In February, 1994, the database of the Illinois Child Care Resource and Referral system showed only approximately 45,000 infant/toddler slots, licensed or not, in the entire state. In Cook County, which encompasses all of the city of Chicago and some surrounding suburbs, there is only one AFDC-accessible infant/toddler slot (licensed or unlicensed) for every 10 AFDC children under three.

The Committee must recognize that it is imperative that the supply of quality infant/toddler child care to be greatly fortified before the presently great demand is drastically increased by AFDC time limits on younger parents and shorter JOBS deferral periods for parents of very young children. In the face of these new mandates for parents of ever-younger children to leave home, the current child care appropriations associated with the Act for Work and Responsibility of 1994 clearly neglect the imminent child care needs of the phase-in group. To meet the demands imposed by the Act, the supply of infant/toddler care will have to expand so rapidly that undoubtedly inexperienced care providers will be enlisted. How can the federal government knowingly throw such young children into the hands of often unskilled, non-regulated providers?

This negligence blatantly contradicts the known critical importance of the very early environments of children in disadvantaged families. The importance and efficacy of early intervention is why programs like Head Start have proven helpful in breaking continued cycles of poverty. A very recent report by the Carnegie Corporation has corroborated what has been known for decades by child development experts: environmental damage suffered between the ages of zero to three can forever alter the child's developmental integrity.

In light of the severe shortage of high-quality infant/toddler care accessible to the poorest families, the current JOBS deferral until the youngest child reaches age three at least allows the child to be under care of her own mother. The developmental superiority of this consistency and naturally (although not universally) loving and nurturing environment is at least some counterbalance to the otherwise impoverished environments these children experience. The alternative is unfathomable developmental impairments due to poor quality care which will only foster continued cycles of poverty.

<u>Positive Child Care Provisions of the Matsui Welfare Reform Plan (H.R. 4767)</u>

The Committee should note that Representative Robert Matsui (D-CA) has put forth a welfare reform plan which contains some excellent child care provisions strongly supported by the Day Care Action Council of Illinois:

- The Matsui plan provides for a full *$5 billion-increase* in IV-A "At-Risk" funds (as was contained in the Administration's earlier plan) and an increase in the federal match rate up to minimum of 75 percent (vs the Administration's 70 percent minimum). Also offered is an incentive payment of additional "At-Risk" funds for states that draw down their entire allotment.

- The Matsui plan would give the states the option of offering an extra year of Transitional Child Care or means-tested continuance in the program until families reach 185 percent of federal poverty.

- Very much in keeping with efforts to both expand the current supply of care and increase its quality, the Matsui welfare reform plan eliminates the statewide limit option, and mandates states to pay *no less than* the 75th percentile level of the actual cost of care while permitting a federal match for payment over that level.

- The Matsui plan *requires* a 12 percent set-aside of IV-A "At-Risk" funds for supply-building and quality enhancements. The plan also permits "At-Risk" administrative costs to be used to draw down even more quality enhancement money.

- The Matsui plan has no arbitrary time-limit on AFDC benefits and at the same time maintains state flexibility to grant JOBS-exempt status to parents until their youngest child reaches three years of age (with age one as the lower limit on this option).

These provisions would prevent a glut of very young children needing out-of-home care within a very short timeframe.

- The Matsui plan does not contain the stricter sanctions for teens while also ensuring higher-quality teen case management by mandating an average statewide case manager: teen ratio of 50:1. Furthermore, all teens under 150 percent of poverty, on AFDC or not, would be guaranteed child care under the Matsui plan.

Conclusion

The goal of welfare reform should be to address problems of poverty; simply addressing "welfare dependence" is to cure a symptom, not the disease.

It is therefore incumbent upon Congress to provide adequate support services to truly enable people to successfully, permanently and without increased hardship enter the labor force.

Chief among these support services is child care. Even middle-class families are hard-pressed to find affordable, quality child care. The problem is compounded exponentially for low-income families. Do the math: a forty-hour a week job at minimum wage pays $174 before taxes. A week of center-based infant care, for one child, at the state of Illinois' inadequate reimbursement rate, is $150.35.

To appropriately address the child care needs of former AFDC recipients, welfare reform must provide adequate funding for the IV-A "At-Risk" program. It must also make Transitional Child Care a non-durational, means-tested entitlement. In addition, welfare reform must address quality and supply problems in the child care system. Finally, welfare reform must adequately reimburse the care providers of our most vulnerable children in order to help assure the availability of good quality care.

Welfare reform certainly must not exacerbate those problems by causing an influx of infants and toddlers into a child care infrastructure unequipped to handle them.

Without an absolute guarantee of high-quality child care for all eligible low-income families, welfare reform is a recipe for misery and deprivation for poor children and their families. In not providing funds for the necessary expansion of subsidized child care, the Administration's plan will continue to short-change our nation's most vulnerable children and perpetuate endless cycles between private sector and publicly subsidized work because low-income families simply cannot afford child care.

The task before you is indeed daunting. Do not sacrifice America's children to politics. Please keep the real goals of welfare reform in mind as you craft a program that will help millions of our citizens to have a shot at the American Dream.

Statement of Representative Nathan Deal
Ways and Means Subcommittee on Human Resources
Regarding H.R. 4414, The Independence for Families Act of 1994

Mr. Chairman, I want to thank you for holding these hearings. This is a critical issue that deserves the attention of Congress. I appreciate the willingness that you and Chairman Gibbons have expressed to take action on welfare reform this year despite the suggestions by some that action should be put off until next year.

There is no question that our present welfare system doesn't work and needs to be radically restructured. Although it began with noble intentions, it has degenerated into a program that has elevated charity to an entitlement, robbed beneficiaries of their self-worth and initiative, and contributed to moral decay.

President Clinton deserves strong credit for bringing attention to this issue and presenting a serious proposal for welfare reform. His leadership has helped us move away from empty rhetoric on the problems of welfare reform and toward a discussion about how our welfare system can be improved. Unfortunately, the legislation he has submitted falls short of his goal of "ending welfare as we know it". That notwithstanding, his proposal provides a good starting point from which to build a welfare reform proposal.

It was in this spirit that the Mainstream Forum developed the Independence for Families Act of 1994 under the leadership of Dave McCurdy. This legislation is a comprehensive overhaul of the welfare system which will fundamentally alter the welfare culture created by our current system. Our proposal is based on a few common-sense principals that strike a balance between proposals that are soft-hearted and soft-headed and those that are hard-hearted and hard-headed.

The Mainstream Forum welfare reform proposal changes the culture of the welfare system by focusing on finding employment for individuals on welfare. Wherever possible, an individual would be placed on a job immediately. Education and training will be available <u>if</u> it turns out that it is necessary to place an individual in a job. By contrast, the Clinton administration proposal relies on increasing the JOBS program, which focuses on education and training first before trying to place an individual in an job. This will continue the fundamental problem of our current welfare system of keeping individuals dependant on government when they could be self-sufficient. Although this may appear to be simply a rhetorical point, it really represents a fundamental difference in the direction we want the welfare system to go.

Any welfare reform legislation must ensure that welfare recipients are better off economically by working than by remaining on welfare. The Mainstream Forum welfare reform proposal provides health care and child care assistance for mothers who get off welfare and into work.

Placing a time limit on welfare assistance is extremely important. The average stay on welfare is 6.2 years. The Mainstream Forum proposal would place a two-year lifetime limit on our Work First Program. After two years, any recipient who is unable to find a job will have the option to work for additional assistance in full-time community work for minimum wage for up to three years.

Welfare reform legislation must address the deplorable situation in this country of $34 billion in unpaid child support. Our proposal strengthens child support payments by: requiring the establishment of paternity as a condition for receiving AFDC benefits; reinforcing direct withholding; requiring states to establish procedures to place liens on monetary awards; requiring non-custodial parents delinquent in child support payments to enter work programs to work off child support; and requiring grandparents of minor children to assume financial support for child support payments.

Welfare reform must recognize that the problem of teen pregnancy contributes to the vicious cycle of welfare. Our proposal requires minor mothers to live with a responsible adult, preferably a parent and eliminates the current disincentives to marriage. We provide options for teen parents to stay in school and provide sanctions if they do not. Finally, we do not propose increases in AFDC funding for mothers who have additional children.

Unlike the Clinton administration proposal, the Mainstream Forum proposal pays for reform through cuts within the system, instead of relying on a grab bag of fees and cuts in programs outside the welfare system. We increase by progressivity of the system by eliminating the Dependant Care Tax Credit for families with incomes of more than $120,000 and by reducing the payments to middle-income families under the child care food program. We place a cap on the emergency assistance program and give states greater flexibility to administer the program. Finally, we propose to eliminate welfare for most non-citizens except for emergency medical services. This proposal transfers responsibility for the welfare of non-citizens away from the government and back to where it belongs -- their sponsors.

A meaningful welfare reform bill must be based on the principals I have outlined here. I appreciate this opportunity to share my views on this subject, and look forward to working with you in enacting significant reforms of our welfare system.

EVANGELICAL LUTHERAN CHURCH IN AMERICA

LUTHERAN OFFICE FOR GOVERNMENTAL AFFAIRS

Division for Church in Society

122 C Street NW Suite 125 • Washington, D.C. 20001-2172 • 202-783-7507 • FAX 202-783-7502

Statement Submitted by

The Lutheran Office for Governmental Affairs

of the

Evangelical Lutheran Church in America (ELCA)

to

The House Ways and Means Committee

August 23, 1994

The Evangelical Lutheran Church in America (ELCA), a church of more than 5.2 million people and over 11,000 congregations, has a long and extensive history of involvement in addressing the issue of poverty. The ELCA-affiliated network of social ministry organizations is financially the largest non-profit in the country. Many of these organizations serve people living in poverty, including significant work in the area of refugee resettlement and immigration services. In addition, many of the 11,000 ELCA congregations are reaching out to people with special needs living in their communities through a myriad of programs which often include a large number of volunteers.

The concern for women and children in poverty was singled out by the ELCA for particular emphasis during the decade of the nineties. Aware that welfare reform would be an issue for public debate, the ELCA's Division for Church in Society in collaboration with the Lutheran Office for Governmental Affairs developed a set of "Working Principles for Welfare Reform" for use in deliberation within the ELCA and to guide our analysis of the public debate and legislative proposals offered. We offer these principles as testimony.

Our study of various proposals introduced to this date prompts both hope and concern. *Our concerns lie in the following areas:*

* **CHILD EXCLUSION** - We would concur that men and women should not become parents until they are able to nurture and support their children. However, the ideal is not always practiced by all in a diverse society. Of paramount importance is the well-being of the child. Excluding a child born while a parent is receiving AFDC from receiving an AFDC grant only pushes a family already at risk deeper into poverty and only exacerbates the consequences of poverty. "What about the Children?", must always be asked.

* **TIME LIMITS** - Each human being and the circumstances of his/her life is unique. We conclude that welfare policy must have flexibility in the kinds and length of assistance and supportive services provided. We believe that a case management approach which allows for reevaluation and adjustment in an employability plan is of key importance. A safety net must always be in place for the well being of children even if a parent is either unable or chooses not to "play by the rules".

* **FINANCING** - We believe a society's health can be measured by how it treats those in its midst who are most impoverished, who may often be refugees and non-citizens. Unless we are Native American, we too have our heritage as immigrants. We too were once resident aliens in this land (as in Exodus 23). We therefore oppose financing welfare reform by shifting funding from programs serving legal immigrants or any disadvantaged group.

* **JOB CREATION** - Through work, human beings are privileged and obligated to reflect the creator whose work they are. The exclusions of persons from the community of work is a denial of the opportunity of realizing what we believe to be God's intention for humanity. We do not see a serious effort at real job creation. With 8 million unemployed people already seeking employment, a major effort in job creation will be necessary if the custodial parent in almost 5 million households receiving AFDC is to eventually find a job that can support a family.

Our hopes lie in the following areas:

* **CHILD SUPPORT ENFORCEMENT/ASSURANCE** - We believe the law must hold both parents responsible for the financial support of their children. Child support enforcement must be strengthened and at least demonstration projects instituted to test the viability of child support assurance.

* **CHILD CARE** - As providers of child care services, we are aware of the expanded need for quality, affordable child care. There is particular need for increased slots for infant care and financial assistance for the working poor.

* **JOB'S PROGRAM** - The availability of top quality job training and education as well as job counseling and placement are extremely important for AFDC recipients to find a job as well as increase their earning capabilities. An improved federal matching rate should enable states to better access these funds. The quality, effectiveness, and relevance of education and training programs should be closely monitored.

* **TEEN PREGNANCY** - We believe that public policies should support responsible family life. Appropriate forms of sexuality education in the schools, community pregnancy prevention programs, and parenting preparation classes are needed. Programs to enhance self-esteem and life options are important deterrents to teenage pregnancy. However, we do raise concern regarding the requirement that minor parents live at home. Many pregnant teenagers are victims of abuse. Great pains should be taken to ensure that no minor parent is forced to remain in an abusive home.

* **ASSET LIMITS, EARNED INCOME DISREGARDS, AND IMPROVEMENTS FOR TWO-PARENT FAMILIES** - Policies that require or encourage parents to remain unmarried or to separate in order to qualify for welfare programs are not acceptable. Changes in this policy should be more than a state option. Increasing asset limits and providing for adjustments in the present earned income "disregard formula" to allow families to keep a greater portion of their earned income should not be only a state option but be made mandatory. At the very least there should be a floor required for all states.

Working Principles for Welfare Reform

These principles, based on ELCA related social statements, were affirmed by the Board of the Division for Church in Society, as the current basis for ELCA public policy advocacy related to welfare reform and for the purpose of ongoing deliberation in the ELCA.

March 11, 1994

Evangelical Lutheran Church in America
(E.L.C.A.)
Division for Church in Society
Department for Studies
8765 W. Higgins Rd.
Chicago, IL 60631-4190
800/638-3522, Ext. 2710

The current public welfare system is in need of significant reform. *The purpose of these working principles is to clarify the bases for ELCA public policy advocacy regarding legislative proposals for reforming the welfare system*, especially the federal Aid to Families with Dependent Children (AFDC) program. Many of the principles are also applicable to welfare-related proposals at the state level.

Poverty is the underlying problem welfare programs seek to alleviate. The Evangelical Lutheran Church in America (with its predecessor churches) has a long and extensive history of involvement in this area. The ELCA-affiliated network of social ministry organizations is financially the largest such non-profit network in the country. Many of these organizations have long histories of serving people in situations of poverty (presently serving over 300,000), including significant work in the area of refugee resettlement. The women's organization of the ELCA has taken initiatives to respond to women living in poverty. Many of the 11,000 ELCA congregations are reaching out to people living in poverty in their communities through social service efforts (such as food programs and shelters), through pastoral care, and through advocacy and organizing efforts.

These principles presume and build upon the biblical, theological, and ethical understandings articulated in the social statements of the ELCA and its predecessors, as indicated in the endnotes. In these social statements, the ELCA has, among other things, committed itself to "defend human dignity, to stand with poor and powerless people, and to advocate justice."[1] The economic sector, families, and voluntary associations play important roles in this. However, the focus in these principles is on the role of government.

In 1986-87, a "More than Charity" campaign (of the church bodies that formed the ELCA) held hearings on poverty and welfare reform throughout this country. Out of this process came "Guiding Principles in Social Welfare Reform," which have informed the development of the following principles. In 1993 the ELCA adopted a many-faceted strategy on "Women and Children in Poverty," as a priority emphasis for the rest of this decade. That strategy recognizes that, in addition to the many kinds of church-based assistance, policy and practices that create and sustain poverty need to be challenged and changed.

The following format sets forth:

Some basic theological affirmations, grounded in Scripture, the confessions, and the social statements of the ELCA.

Some ethical interpretations and implications of these theological affirmations for the discussion of welfare reform today.

Some specific public policy positions that can be deduced from the above.

In moving from broad affirmations to specific positions, ELCA members are likely to have significant differences and to give different weight to the various principles. As a church we encourage ongoing deliberation as to what policies will best serve God's intentions for persons in community. Although the positions cited here are intended to serve as a current basis for ELCA public policy advocacy, they are subject to change in the future, especially through the study and deliberative processes that will occur as part of the development of an ELCA economic social statement.

THE OBLIGATION OF GOVERNMENT: The government's obligation under God includes establishing justice, protecting and advancing human rights, and promoting the general welfare of all persons.[2]

Government has the responsibility to help meet the needs and uphold the rights of those who are at the margins of the economic system.[3]

Government is responsible to establish just welfare policy. This includes determining who receives welfare and raising necessary revenues.

REFORM OF THE SYSTEM OF GOVERNMENT-PROVIDED WELFARE SHOULD BE CONSIDERED IN LIGHT OF SOME BASIC AFFIRMATIONS ABOUT HUMAN BEINGS...

DEPENDENT ON GOD: As human beings we are dependent on God for all we have and are.[4]

None of us are truly "self-sufficient," "deserving," or autonomous. These distinctions are only relative and should not be used to separate some people (i.e., those on welfare) from others, as if they were somehow of less value.

Welfare policies that make distinctions between persons who are "deserving" and those who are "undeserving" need to be questioned.

"Self-sufficiency," although an important goal in welfare reform, should not necessarily be seen as the only or highest goal in all cases.

INTERDEPENDENT WITH MUTUAL RESPONSIBILITIES: Human beings are intended by God to live in interdependent relationships with one another. It is in the basic human relationships of domestic, political, and economic life that persons share in their common humanity.[5] A society and the persons in it have mutual responsibilities toward one another.

In the public realm, this interdependence is reflected in income-support programs that transfer funds from taxpayers to a designated group of persons within a society. Most citizens, at some time during their lifetime, are both payers and receivers of public transfer payments, some of which are means-tested (e.g., welfare programs), others of which are not (e.g., Social Security, Medicare, veteran benefits, unemployment compensation).[6]

Welfare reform should be motivated not primarily by the cost to taxpayers but by a sense of interdependence and responsibility toward all people.

Government is especially obligated toward those who are the most vulnerable. Structures and supports are required to undergird the development of skills and capabilities needed for persons to function in society and thus live out their obligation to contribute toward the social good.

Welfare reform should seek to enable persons to rise out of poverty, affirm their human dignity, and empower them through education, training, and services to achieve long-term economic sufficiency.

Long-term economic sufficiency cannot occur apart from adequate social, structural, and relational support, including stable families, safe communities, adequate schools, preparation for, access to, and opportunities for jobs.

When persons cannot generate an income adequate to live in a decent, humane way, a safety net must continue to be available to meet their basic needs.

Persons fulfill their obligation to society not only by becoming economically self-sufficient, but also by contributing to the common good of a society in other ways (e.g., caring for children).

HUMAN DIGNITY AND BASIC NEEDS - All human beings are entitled to the basic necessities of a dignified, humane existence and/or to the means of securing such. A right is what justice requires in response to particular human needs.[7]

Human dignity should not be violated through provisions of a welfare policy that view human beings primarily in terms of their cost to the wider society, their job skill value, or the income they are able to generate.

Public policies should assure persons of their fundamental rights of adequate income, decent housing, health care, nutrition, and education.[8]

In order to bring those in need closer to a sustainable income, the benefit level for the federal Aid for Families with Dependent Children program (AFDC) should reflect regional differences and cost-of-living increases.

In addition to income support:

- *nutrition programs should be made more available through improved access and education;*
- *the number of safe, affordable housing units needs to be expanded;*
- *universal health care coverage, key in reducing the need to stay on welfare, should be in place;[9]*
- *educational systems, key in preparing people for changing employment opportunities, need to be revitalized.*

FREEDOM AND INITIATIVE: Human beings have been created with moral agency and freedom, with a power to act responsibly in light of their particular circumstances, accountable to God, self, and others.[10] God has given human beings the capacity and initiative to define the problems of material existence in community and to effect positive change.

A society is healthier when its members are encouraged to participate responsibly in determining their own lives rather than being only the passive consumer of goods and services.[11] No person or community should relinquish the initiative or capacity to affect the conditions of their life, and social and political institutions should encourage such initiative.[12]

Welfare policies should nurture the power to act responsibly, with possible incentives and rewards for accomplishing planned goals. Coercive or punitive measures should not be used to compel human action.

Inadequate grant levels force most recipients of welfare to seek unreported income if they are to survive, and thereby encourage lying and cheating.

Grant levels either must be increased so they are adequate for the basic necessities of life, and/or the present earned income "disregard formula" must be adjusted to allow families to keep a greater portion of the income they earn and to save for the future. Grants, loans, or scholarships for education and training should not be factored into income.

HUMAN WORK: Through work, human beings are privileged and obligated to reflect the Creator whose work they are. The exclusion of persons from the community of work is a denial of the opportunity of realizing God's intention for humanity. Work is important for human well-being, but not as an end in itself. Work is thus meant for persons in community, not persons for work.[13]

Making it possible for people to move from welfare to work is important because employment is a means by which people become contributing participants in society. However, this is hindered in a labor market increasingly dominated by low-wage, part-time or temporary jobs that cannot support a family.

Effective job training (on the job, technical, and non-traditional) and educational programs (vocational, secondary, and higher) must be expanded so that participants can acquire the skills necessary for stable employment.

Stable jobs with living wages and adequate benefits should be the goal. Provision of these jobs should be done in ways that do not have the direct effect of displacing other workers.

Welfare-recipients should not be forced into jobs that will make them worse off, that is, low-paying jobs without basic benefits they receive under welfare (e.g., health care, child care, food stamps, transportation). Such benefits should carry over temporarily and be phased out only as the employment income and benefits increase.

"Workfare" (requiring work in exchange for welfare) may not actually increase people's long-term employability, but may contribute toward a permanent working underclass, eroding both wages and employment standards for other workers. Short-term structured work experience, however, may have a positive effect on some persons who have never been employed outside the home.

For all workers, the minimum wage should be increased and indexed according to the rate of inflation. In addition, an expanded Earned Income Tax Credit (EITC) is important because, in effect, it subsidizes low-paying jobs through the tax system.

INVESTMENT IN FAMILIES: Families are the basic communities in which personhood is fostered, and from which members move out to participate in society.[14] Families are entitled to protection from forces that would tear them apart.[15]

Men and women should not become parents until they are able to nurture and support their children. Public policies should support responsible family life.

Appropriate forms of sexuality education in the schools, community pregnancy prevention programs, and parenting preparation classes are to be supported.[16] Programs to enhance self-esteem and life options are important deterrents to teenage pregnancies.

Welfare policies should encourage continuing parental or other adult support and guidance for minor parents, for example, through mentors and living in a household with a responsible adult (when appropriate). Minor parents should never be required to return to an abusive home in order to qualify for government assistance.

Policies that require or encourage parents to remain unmarried or to separate in order to qualify for welfare programs must be changed.

NURTURE AND SUPPORT OF CHILDREN: All children have the right to parental care and affection.[17] Caring for and providing for the manifold needs of children is an important way in which people contribute to the common good of society.

In each set of circumstances, there must be a realistic assessment of what is necessary to bear, nurture, and provide for children over the long-term, and what resources are available or need to be provided for this purpose.[18]

Single parents of young children should not be required to seek employment outside the home if they decide that the good of their children, and thus the social good, is best served in their circumstances through the work of nurturing their family, rather than through efforts to become economically self-sufficient.

Quality, affordable child care should be made available to parents who are employed outside the home, or who participate in education, training, and job search programs.

Strong child support and/or assurance programs are needed.

The law must hold both parents responsible for the financial support of their children.[19]

Programs such as job training, education, and/or substance abuse treatment can help some custodial as well as non-custodial parents to meet their child support obligations. Custodial parents should generally be given priority.

Families with children should be helped to move out of poverty, rather than penalized.

Sanctions should not be imposed if additional children are conceived by parents already receiving AFDC.

A refundable children's credit, in place of a tax deduction, can help provide greater tax equity and assist low-income families to rise out of poverty.

CARING FOR THE STRANGER: "You shall not oppress a resident alien...for you were aliens..."(Ex. 23:9). Regardless of their citizenship, all human beings are equally entitled to what they need to live in meaningful relation to God and neighbor.[20]

A society's health can be measured by how it treats those in its midst who are most impoverished, who often are refugees and non-citizens.

Refugees have distinctive needs, which should continue to be addressed under a separate program and not subsumed into the AFDC program.

After an initial period of residency, welfare benefits should not be denied to legal immigrants, who typically contribute to the economy and pay taxes.

Supporting welfare reform by taking from other disadvantaged groups is unacceptable.

EACH IS UNIQUE: As creations of God, each human being and the circumstances of his/her life are unique.

A welfare policy must have flexibility in the kinds and length of assistance and supportive services that are provided.

Individual plans should be developed that respond wholistically and directly to a family's particular needs and challenges. In addition to an income grant, some combination of job training, education, job counselling and placement, personal management skills, parenting skills, and substance abuse treatment may be needed. Child care and transportation must be available to those who need it.

Time limits on the receipt of benefits should not be arbitrary. They should take into account individual circumstances, the needs of dependent children, and the failure of the economy to generate enough jobs with adequate income and benefits.

Some persons may not be employable or should not be expected to work, such as those caring for disabled persons or children. Some requiring assistance may have been traumatized by physical or sexual abuse permanently damaged by substance abuse, or have experienced another type of trauma or disability. An expansion of the SSI program may be necessary to assist persons in these situations.

A case manager approach should be more fully utilized. Trained with skills and culturally-specific sensitivities, such a case manager works with a client in a spirit of respect. The task is to develop a plan, monitor it, and provide the ongoing personal support that enables a client to carry out the plan. The two work together, with mutual responsibility and accountability. If the assisting agency does not provide the services designated in the plan, clients should not be obligated to fulfill their commitments, and any mandated sanctions should not be imposed.

While innovative demonstration projects should be encouraged, they must not impose punitive behavioral requirements or result in further deprivation of recipients.

The listed principles should be considered in the negotiating and budgeting processes for welfare reform. Given limited revenues, programs consistent with these principles that begin on a small-scale are preferable over large-scale programs that are inadequately funded and less likely to be effective.

For further information contact the Lutheran public policy office in your state, or the Lutheran Office for Governmental Affairs, 122 C. St., NW, Suite 125, Washington, D.C. 20001; (202) 783-7501.

Endnotes

Most of the following are social statements of the ELCA which are available from the Department for Studies. If you would like to order a single copy of a social statement, please call 800/638-3522, extension 2719.

[1] "The Church in Society: A Lutheran Perspective" (ELCA, 1991).
[2] "The Nature of the Church and Its Relationship with Government" (ALC/AELC/LCA, 1984).
[3] See for example, "The Church and Social Welfare" (LCA, 1968) and "Towards Fairness in Public Taxing and Spending (ALC, 1982).
[4] See the explanation of the first article of the Creed in Luther's Small Catechism.
[5] "Economic Justice" (LCA, 1980).
[6] "Toward Fairness in Public Taxing and Spending" (ALC, 1982).
[7] "Human Rights" (LCA, 1978).
[8] "Human Rights" implementing resolution; "Abortion" (ELCA, 1991).
[9] See the Working Principles for Health Care Reform (ELCA Division for Church in Society, 1993).
[10] "Abortion" (ELCA, 1991).
[11] "Economic Justice" (LCA, 1980).
[12] "Human Rights" (LCA, 1978).
[13] "Economic Justice" (LCA, 1980).
[14] "Sex, Marriage, and Family" (LCA, 1970).
[15] "Human Rights" (LCA, 1978).
[16] "Abortion" (ELCA, 1991).
[17] "Human Rights" (LCA, 1978).
[18] "Abortion" (ELCA, 1991).
[19] "Abortion" (ELCA, 1991).
[20] "Human Rights" (LCA, 1978).

TESTIMONY OF DICK WOODS, A.A.C.
FATHERS FOR EQUAL RIGHTS, INC.

The Clinton administration has recommended access counseling, neutral drop-off, and mediation on page 41 of the new welfare reform package. These non-litigation alternatives to help custodial and non-custodial parents resolve child access (visitation) problems were developed by the Iowa Access Enforcement Project, funded under Section 504 of the Family Support Act of 1988.

Among the services developed under this grant were:

- access counseling, the diagnosis of causes for access denial and application of cognitive therapy, communications skills and parenting skills training, and referrals to community services;
- neutral drop-off centers, day care centers rented and staffed during the hours children are exchanged, providing a comfortable and appropriate atmosphere for the children, keeping the parents apart, and providing an objective record;
- mediation on access (visitation) and related issues through the Polk County Bar Association Mediation Project;
- anger and crisis management training through a licensed M.S.W. who specializes in crisis management;
- an activity program designed to accommodate the every other weekend schedule of custodial and non-custodial parents;
- support groups for divorced and separated parents to help parents adapt to new roles and work through the anger and grief associated with the termination of the adult relationship, separation from the children, and litigation;
- parenting skills classes and written materials designed to help parents adapt to new roles and develop new skills for positive interactions with the children;
- supervised visits in a less structured atmosphere, during non-office hours and in locations appropriate for parent-child interactions;
- development of a course on counseling parents on child access issues; and
- a continuing legal education course by Drake Law School.

95.8% of the clients of the Iowa Access Enforcement Project responding to a thirty-day follow-up questionnaire reported that our services were somewhat helpful or very helpful in resolving the child access problem, compiled by Policy Studies, Inc. of Denver, Colorado.

In addition, we were asked to monitor the impact of the Iowa Access Enforcement Demonstration Grant on financial child support compliance. According to the Bureau of Collections, there was a

$330,000 to $380,000 increase in voluntary compliance with financial child support orders between the fourth quarter of 1991 and the fourth quarter of 1992. Further, there was a 15% increase in financial child support collections between the fourth quarter of 1991 and the fourth quarter of 1993 (compliance rate figures are not yet available, but this almost certainly represents a significant increase in the rate of compliance).

By contrast, since the U.S. Census Bureau started tracking financial child support compliance in the late 1960s, with $3 billion per year program and a host of punitive support enforcement laws, the net improvement in compliance for the United States as a whole has been two tenths of one percent (0.2%).

Corroborating the findings of the Iowa Access Enforcement Project, the U.S. Census Bureau also reports that 79.1% of fathers with visitation rights paid their financial child support on time, in full, every month. By contrast, only 44.5% of fathers without visitation were current on their financial child support.

The success of the Iowa Access Enforcement Project received the attention of A.B.C. News and was featured in the American Agenda segment of A.B.C. News in August, 1993.

State appropriation for neutral drop-off

Recognizing the important contribution of neutral drop-off centers, Governor Branstad recommended in his 1994-95 budget $31,900 to continue and expand the neutral drop-off program. The legislature agreed, appropriating the funds. Some wondered if the responsibility for this program should be entrusted to an advocacy organization. The clients, the federal evaluator, and district court have concluded that we have successfully overcome any question of favoritism or bias (see letter from Judge Hutchison, appendix 1, page 11).

The state funding will allow us to continue the position of neutral drop-off coordinator. The coordinator will continue to:

- locate and sign contracts with day care centers and family day care homes to provide neutral drop-off locations;
- meet, orient, and sign contracts with parents using neutral drop-off services (see appendix 2, pages 12-17);
- supervise exchanges in the Des Moines area;
- conduct access counseling sessions and support group meetings with potential clients of the neutral drop-off center; and
- supervise visits as ordered by the court or requested by mutual agreement of the parents.

Neutral drop-off centers are available at this time in Des

Moines, Ames, Cedar Rapids, and Council Bluffs. It is our intention to establish neutral drop-off centers throughout the state. We welcome referrals and requests to establish neutral drop-off centers from all parts of the state.

Please keep in mind that establishing a neutral drop-off center involves locating a day care center or family day care home willing to participate in the program, followed by negotiation of a contract.

Diagnosis and treatment of child access(1) denial

Offering legal options (contempt or modification) satisfies a non-custodial parent's emotional need for vindication. Yet, clinical experience with over 3,800 divorced, separated, and unmarried parents demonstrates that the feasibility of non-litigation options should be examined **before** referring a client to litigation. In assessing which legal or non-litigation options to recommend, one should ascertain the history of the case, the present situation, the non-custodial parent's relationship with the child or children, and the pattern of access denial.

---

(1) Discussion of "access" should not be limited to "visitation". It is a misnomer: divorce does not reduce parents to "visitors". Further, access should be seen as an obligation on both parents, not a right to be exercised or not exercised. One should lecture non-custodial parents who are voluntarily not exercising access about the importance of access for the child's healthy academic, social, and moral development.

Access orders should preserve the on-going nurturing relationship between the child and each separated parent, including:

a. Sharing legal guardianship and decision making;

b. Sharing the time and responsibilities of caring for and nurturing the child (see appendix 3, page 18);

c. Attendance at and participation in the child's school activities and parent-teacher conferences;

d. Attendance at and participation in the child's out-of-school activities, including clubs, lessons, and sports;

e. Shared decision-making about the religious instruction of the child and shared involvement in that religious instruction;

f. Authority to obtain emergency medical care for the child;

g. In non-emergency situations, shared decision-making about the medical treatment of the child and joint attendance at those medical appointments;

h. Regular telephone access between each parent and the child;

i. Regular mail access between each parent and the child; and

j. Access to school, medical, dental, and legal records concerning the child.

Based on our clinical experience in over 3,800 cases, we have identified four diagnoses of child access interference. These are diagnoses of family dynamics - the pattern of interactions among the child, each parents, and other participants, such as step-parents and grandparents - not diagnoses of individual family members.

(1) **Adjustment difficulties** - The child's access to one parent is limited as the result of common post-conflict tension, hostility, situational depression, and uncertainty over the new role of custodial or non-custodial parent (or the role of the step-parent).

(2) **Knowledge/skills deficiency** - The child's access to one parent is limited due to a lack of knowledge on the part of one or both parents about his or her post-separation rights and obligations toward the child, the need of children for both parental access and financial child support, or the absence of skills necessary for parents to work together toward the best interest of their children.

(3) **Black-robed child syndrome** - The child has been placed in the role of judging whether or not access will be exercised.

(4) **Power model syndrome** - The child's access to and emotional bond with one parent is the object of obsessive control and manipulation by the other parent.

Identification of symptoms

(1) Adjustment difficulties

a) The dissolution or paternity decree uses the term "reasonable visitation" or otherwise fails to provide a specific parental child support order (time schedule and sharing of responsibilities).

b) Client brings up, repeatedly, pre-divorce or separation grievances. (These tend to be relatively petty matters and/or matters which do not affect on-going child access.)

c) Client appears to be locked into a conflict role related to the divorce or separation.

d) Client appears tense, anxious, situationally depressed, or stuck in one stage of grieving related to child access issues:

Shock and panic
Disbelief and denial
Anger (retaliation)
Bargaining
Depression and self-devaluation
Acceptance of reality
Coping (dealing in a positive way with the new reality)

e) Client expresses uncertainty about the new role of custodial or non-custodial parent, devaluing the client's importance

as a parent.

f) One of the parties has remarried or has a new live-in relationship and the other parent has a fear of displacement by the new step-parent or the parent in said relationship is trying to create an artificial nuclear family.

g) The biological parents and/or a step-parent have a misconception over the appropriate role of the step-parent.

When tension and hostility over divorce issues appear unabated two years after the finalization of the divorce and are not associated with a new relationship, by definition, the case is not an example of adjustment difficulties.

(2) Knowledge/skills deficiency

a) Parents are engaged in retaliatory withholding of financial support and/or parental child support (scheduled time).

b) One parent did not have legal counsel at the time of the divorce.

c) One or both parents insist on conducting all communications through a lawyer to resolve each and every problem.

d) One or both parents lack knowledge about the post-separation rights and obligations of custodial and non-custodial parents.

e) One or both parents lack knowledge about the needs of children for both financial child support and nurturing by both parents.

f) One or both parents lack the skills necessary to work together toward the best interest of their children.

g) One parent has enrolled the children in school or extracurricular activities under the surname of a step-parent.

(3) Black-robed child syndrome

a) One or both parents attempt to win the affections of the child through excessive permissiveness and increasingly elaborate gifts, treats, and entertainment (such as the Disneyland Dad or Disneyland Mom syndrome among non-custodial parents). Though apparently benign, this is a thinly disguised, emotionally devastating, tug-of-war for the affections of the child.

b) The children exhibit the symptoms of stress from loyalty conflict, defensiveness, deteriorating obedience, materialism, depression, anorexia, aggression, acting out, deteriorating school performance, physical illness, running away from home, and suicide gestures.

c) One or both parents ask the child if the child wishes to exercise parental child support (scheduled time) with the non-custodial parent. For example, a non-custodial parent may ask if the child wants to exercise the time scheduled by the court order. On the other hand, a custodial parent may give the child an appealing

alternative to the court-ordered parental child support (scheduled time), such as shopping "for that new Nintendo you've been wanting." [These are, in part, examples of the negative consequences of using the misnomer "visitation rights". Instead, parental child support should be viewed as an court-ordered expectation on all parties.]

d) Parents may have convinced themselves that such choices are modern "non-directive" parenting. They are not. Such choices are an invitation to the child to make the choice to hurt or disappoint the other parent. The child is not being given a choice. Rather, the child is being placed in the middle of a loyalty conflict between the parents. This is analogous to the mule starving to death while standing equal distance between two piles of corn.

e) A non-custodial parent wants to base a modification of custody on the sudden, unexplained preference of the child to live with the non-custodial parent.

f) A non-custodial parent asks if the child can decide to come and live with him or her, automatically, at a certain age.

g) The children are attempting to manipulate their parents to their material advantage. For example, "I haven't decided whether or not I can come this weekend, but if we could go shopping for that new Nintendo game ..."

(4) Power model syndrome

a) In all cases, a power model parent has an obsessive need to be "in control".

b) A power model parent expresses exceptional bitterness toward the other parent, persisting beyond two years.

c) Power model parents tend to be obsessed with placing fault and blame. For example, the other parent is blamed for an endless list of problems. These grievances may have little or no bearing on the well-being of the child.

d) Power model parents tend to be chronically critical. Nothing is good enough. No achievement is worthy of praise.

e) A power model parent wants to punish the other parent for past personal affronts or injustices, often through litigation, not related to the well-being of the child. A power model parent seeks moral vindication through litigation or a demonstration of control over the children.

f) The case involves recurrent, highly adversarial types of litigation (custody battles and contempt of court). The power model parent tends to use threats of litigation to control the children and the other parent.

g) In almost all power model cases, there was a pattern of control-oriented behavior on the part of the power model parent before the divorce or separation. For example, before the separation, the other parent and children "walked on egg shells" around the power model parent, in order to avoid eruptions of the latter's volcanic temper.

h) In the power model parent's family of origin, there was an alcoholic parent and a co-dependent parent <u>or</u> one parent was extremely domineering. (If the non-power model parent exhibits symptoms of co-dependency, then we would expect to see a pattern of power model and co-dependency relationships in that parent's family of origin as well.)

i) In some power model cases, there was preemptive child snatching at the time of the separation.

j) A non-custodial power model parent interrogates the children at the beginning of each scheduled parental child support period. A custodial power model parent interrogates the children immediately after each scheduled parental child support period. Said interrogation includes requests for personal information about other parent.

k) A power model parent finds excuses to call and harass the other parent at inappropriate times at home and at work. Such calls become <u>more</u> frequent over time.

l) A power model parent calls to speak with the children several times a day. A power model parent refuses to schedule calls with the children. A power model parent refuses to accept limitations on calls with the children. (A variation is that children may be expected to call the power model parent frequently during the child's time with the other parent.) One not-too-subtle message conveyed to the child by such behavior is that the non-power model parent is considered incapable of caring for the child.

m) On the other hand, a power model parent goes to great extremes to control the other parent's access to the children by telephone. This would include corporal punishment for the offense of calling the other parent. A classic manifestation of power model behavior was cited by the Iowa Court of Appeals in "In Re Marriage of Downing" (432 NW2nd 692),

> "On numerous occasions, Christine intercepted mail sent to the children by Michael and did not allow them to keep gifts from their father. ... and went as far as removing the telephone from the house when she left the children alone so that they could not call their father or grandparents. She did this with knowledge that [there might be] emergency situations where access to a phone would have been essential."

n) A power model parent eavesdrops on child's telephone conversations with the other parent. This may include carrying on a running commentary during calls, telling the child to convey messages to the other parent during calls, or telling the child what to say.

o) A power model parent opens and reads mail sent to the children by the other parent. Some power model parents withhold mail sent by the other parent. Some mail addressed to the children is

returned unopened and marked "refused" or "return to sender" by the power model parent.

p) A power model parent will attempt to persuade the children to call a subsequent spouse by the name "dad" or "mom" and to use the surname of that subsequent spouse. The power model parent persists in enrolling the child in school and extracurricular activities under the surname of the subsequent spouse even after being informed that such actions are inconsistent with the child's legal name and/or jeopardizes the child's sense of identity.

q) A power model parent makes unwanted contact with other parent's new relationship or spouse. Frequently, the initial excuse for such contact is to change arrangements for parental child support (visits). Another "agenda" for such contact is to alert and warn the other parent's new relationship or spouse to all kinds of terrible things about the other parent. If unsuccessful in disrupting the other parent's new relationship, the power model parent tends to turn on the other parent's new relationship or spouse and tell others, including the children, all kinds of terrible things about that new person. The unwanted contacts often develop into harassment.

r) A custodial power model parent insists that the other parent's new relationship or spouse be nowhere near the children during parental child support times. A custodial power model parent will attempt to seek a court order to prevent the other parent's new relationship from being in the presence of the children during parental child support times. (A variation on this symptom is that some power model parents have flown into a rage if the child refers to the other parent's new relationship or spouse as "mom" or "dad".)

s) A power model parent makes inappropriate comments to the children about the other parent's new relationship, often in obscene, immoral, and crude terminology.

t) Some power model parents demand a formal request before each scheduled parental child support time.

u) Some power model parents demand to have a detailed plan for every moment of the other parent's time with the children.

v) Some power model parents go to extremes in scheduling activities and appointments during the other parent's time with the children.

w) Some power model parents frequently find excuses to change the parental child support schedule or the locations where the children are to be picked up or dropped off.

x) A power model parent belittles the other parent's employment, work habits, tastes, clothing, cleanliness, home, and vehicle.

y) A power model parent makes inappropriately revealing remarks about the adult relationship between the parents during the marriage and the divorce.

z) A power model parent punishes the children by saying, "If you continue to misbehave like this, you'll grow up to be just

like your father." This creates an association in which "bad" behavior is associated with the other parent. (A variation on this symptom is discrimination against the sibling who most identifies with or bears the strongest physical resemblance to the other parent.)

aa) The child is encouraged by the power model parent to "keep secrets" from the other parent or is told not to tell the other parent about a certain matter. Many such children become noticeably anxious and hesitant if asked a casual question about something related to his or her life while in the care of the power model parent.

bb) A custodial power model parent will relocate the children far from the non-custodial parent without a compelling career reason for doing so. Many such relocations will to be to a distant part of the United States, creating a physical obstruction to continued access. In many such cases, the power model parent fails to provide the non-custodial parent with the new address (in violation of 710.6, the second unnumbered paragraph, the Code of Iowa). Some power model parents move frequently without leaving a forwarding address.

cc) Often, prior to separation or discussion of divorce, the power model parent had an "enemies list" and expected "friends" to dislike those enemies as much as the power model parent did. This is often visible in past family and work relationships. When this behavior pattern is later applied to access denial, a power model parent will consider the other parent to be such an "enemy"; generalize that opinion to the other parent's friends, parents, and extended family; and draw around the power model parent a tight knit circle of those who share in despising said "enemies".

dd) A power model parent will practice ostracism or "shunning" of enemies and demand that other members of the household join in the ostracism.

ee) A power model parent punishes the children if they do not give verbal assent to the power model parent's views on the other parent. Such punishments tend to be excessive and disproportionate to the offense, such as corporal punishment for mentioning the other parent's name, saying something positive about the other parent, or failing to agree with negative remarks about the other parent.

ff) A power model parent goes to great lengths in an attempt to manipulate the attitude of the children toward the other parent, including corporal punishment, shunning, material rewards for negative behavior toward the other parent, and compromising discipline in order to buy the child's loyalty. Compromising on discipline is often carried to the extreme of allowing and enabling even early adolescent children to stay out as late as they like, become involved in sexual relationships, and otherwise exercise total autonomy over their lives. (The distinction between ee and ff is that children showing the former symptom may say negative things

about the non-power model parent, but act differently in the presence of that parent, especially after being away from the power model parent for several days. Children showing the latter symptom have deeply held negative convictions about the other parent.)

gg) The most extreme cases of the power model of behavior have been identified as the "parental alienation syndrome" (Richard Gardner, Parental Alienation Syndrome). In these cases, the parent with possession of the child will go to great lengths to persuade the child to join that parent in hating and resisting all contact with the other parent. These extreme cases of power model behavior may be manifested in persuading the child to make false allegations of child sexual abuse against the other parent. (If the client claims to have been falsely accused of abuse, but no other power model factors are present, then the claim of a false allegation is not supported by this assessment.)

hh) A power model parent would be able to rationalize violence against the other parent on such grounds as "He deserved it." or "It was necessary to get her attention." The power model parent may persuade others, possibly including the children, to threaten or carry out violence or property crimes against the other parent.

Extensive work has been done on documentation of symptoms, identification of degrees and distinctions among these these symptoms, formulation and support of the diagnosis, effective remedies of the four diagnoses of child access interference (see appendix 4, page 19), minimizing litigation, and the qualifications for an access counselor by the National Access Counselor Accreditation Committee, Inc. and the Iowa Access Enforcement Project. The Bylaws of the National Access Counselor Accreditation Committee, Inc. and the reports of the Iowa Access Enforcement Project will be made available on request.

Conclusion

I encourage you to consider neutral drop-off centers and access counseling as alternatives to litigation to resolve child access problems. Please consider the possibility that a court order for neutral drop-off would provide objective documentation that the children were or were not provided for scheduled access (visitation), just as payment of financial child support through the Clerk of Court or the Collection Services Center provides objective documentation of those payments.

Neutral drop-off would also be useful to monitor future compliance with access (visitation) orders. Therefore, it might be useful to your clients to include neutral drop-off as a remedy for contempt or a modification to enforce child access.

Appendix 2
Sample neutral drop-off contract
including variables

CONTRACT FOR USE OF NEUTRAL
DROP-OFF/PICK-UP CENTER

This contract is made between the Iowa Access Enforcement Project and [name], custodial/physical care parent for the use of the neutral drop-off/pick-up center for exchange of [children] for parental child support (visitation).

1. The entire contract between the parties is contained in this contract document. This contract supercedes all prior contracts and written or oral agreements between the Iowa Access Enforcement Project and [name].

2. The services provided by the Iowa Access Enforcement Project pursuant to this contract is the use of the neutral drop-off/pick-up center, located in First Christian Church, 25th and University, Des Moines, Iowa (hereafter, "the Center") for exchange of [children] for parental child support (visitation). By the signature of [name] on this contract, the custodial/physical care parent agrees to abide by the rules and procedures contained in this contract for use of the Center.

3. Parental child support (visitation) has been established between [non-cust name], the non-custodial/physical care parent and [children] by

a) a court order in the case of In Re Marriage of [name] and [non-cust name], case number CD 00-00000, filed with the _____ County District Court on or about the ___ day of _____, 19___.

b) a mediated agreement between [name] and [non-cust name], dated _____, 19___ which is attached hereto and incorporated within this contract.

c) a court order in the case of In Re Marriage of [name] and [non-cust name], case number CD 00-00000, filed with the _____ County District Court on or about the ___ day of _____, 19___, supplemented by a mediated agreement between [name] and [non-cust name], dated _____, 19___ which is attached hereto and incorporated as part of this contract.

4. The Center shall be used for the exercise of alternating weekend parental child support (visitation) as provided by said order / mediated agreement.

5. The Iowa Access Enforcement Project contracts to have the Center in First Christian Church, 25th and University, Des Moines,

Iowa, open and available each Friday and Sunday from 6:00 pm to 9:00 pm through May 31, 1993. The Center is, and shall remain for the duration of this contract, a licensed day care facility. The Center will be reasonably clean and safe from hazards. At said times, the Center shall be staffed by a Center Supervisor and one volunteer. The Center staff shall be qualified child care providers. The Center Supervisor shall have completed first aid and mandatory child abuse reporter training within the past five years. The Center shall be heated or cooled to appropriate temperatures at all times that the Center is in use.

6. The Center Supervisor shall endeavor to assure that [children] are picked up only by [name] or [non-cust name], except as otherwise provided by this contract. Pursuant to that goal, the Center Supervisor may request photo identification of any individual who is not familiar to the Center Supervisor. The Center Supervisor shall not intentionally permit any party other than [name] or [non-cust name] to pick up [children] from the Center, except as otherwise provided by this contract.

7. Iowa Access Enforcement Project contracts to notify [name] at the telephone number [telephone #] thirty-five minutes after the scheduled drop-off time for [children] if [non-cust name] has not yet arrived to pick up [children]. At that time, [name] will be asked to remain near [telephone #]. If [non-cust name] has not picked up [children] by fifty (50) minutes after the scheduled drop-off time, the Center will call [name] again at [telephone #] to ask [name] to return to the Center and retrieve [children]. If [name] can not be reached by fifty (50) minutes after the scheduled drop-off time, then the Iowa Access Enforcement Project shall notify [name]'s emergency back-up designees to retrieve [children]. (See section 13 of this contract.) If neither [name], [non-cust name], nor [name]'s emergency back-up numbers can be reached, then [children] shall be considered abandoned and the Center Supervisor will take appropriate action for temporary placement of [children], which may include: contacting Child Protective Services; contacting Polk County Juvenile Court; contacting the Des Moines Police; or making other appropriate arrangements.

8. In writing this contract with the custodial/physical care parent and a similar contract with the non-custodial/physical care parent, enforcing the provisions of the two contracts by terminating services to any parent who violates the contract, and providing the facility as a neutral location for exchange of the children, the Iowa Access Enforcement Project is endeavoring to take all reasonable steps to ensure the safety of the custodial/physical care parent, the non-custodial/physical care parent, and the children. The Iowa Access Enforcement Project is responsible for normal child care

during the time [children] is/are present in the Center and for the other written obligations of the Iowa Access Enforcement Project contained in this contract. For all other purposes, [name] and [non-cust name] are solely responsible for the care, safety, health, and well being of [children] before, during, and after [children] are dropped off at and picked up from the Center. [name] specifically indemnifies and holds harmless the Iowa Access Enforcement Project, First Christian Church, University Place Child Care Center, the Iowa Department of Human Services, Fathers for Equal Rights, Inc., and any agency involved in mediation of an agreement for parental child support (visitation) and their agents, employees, and volunteers of and from any and all claims, demands, actions, or causes of action of whatever nature arising out of or by reason of personal property damage, bodily injury, or any suit brought by any person due to accident, injury, or loss arising from participation in the Iowa Access Enforcement Project or the Center.

9. [name] agrees to drop [children] off at the Center every other Friday promptly at 00:00 pm, sign the enrollment form, then leave the Center and proceed to a location not less than three city blocks from the Center.

10. [name] agrees not to attempt to speak to, establish visual contact with, confront, harass, follow, drive by, physically block access to the Center, or otherwise interfere with [non-cust name]'s attempts to pick up [children] from the Center, before, during, or after [non-cust name]'s arrival at the Center.

11. [name] agrees that if inadvertent contact is made with [non-cust name] at the Center, [name] will immediately leave the Center without speaking to or making physical contact with [non-cust name].

12. [name] agrees that upon leaving the Center, [name] will proceed to [address] within thirty-five (35) minutes after the time scheduled for drop-off of [children] at the Center. By no later than, 00:00 [name] will be at [address] and be ready to answer [telephone #]. If called and asked to stand by, [name] agrees to wait at [address] to answer [telephone #] for another fifteen (15) minutes. If called at fifty (50) minutes after the scheduled drop-off time, [name] agrees to return to the Center to retrieve [children].

13. [name] designates and authorizes as emergency back-up contacts to retrieve [children] from the Center if [non-cust name] has not picked [children] up by fifty (50) minutes after the scheduled drop-off time, and if [name] can not be reached at [telephone #]:

a) _____, who lives at _____, and may be reached at the telephone number _____; and

b) _____, who lives at _____, and may be reached at the telephone number _____.

Signatories understand that the non-custodial parent is also designating emergency back-up contacts.

14. If [children] will not be available for parental child support (visitation) on a scheduled weekend, [name] agrees to call the Iowa Access Enforcement Project at 515-277-8789 at least forty-eight (48) hours in advance or mail a written notification to the Iowa Access Enforcement Project at 3623 Douglas Avenue, Des Moines, Iowa 50310-5345, at least seventy-two (72) hours before the scheduled drop-off time. If [children] will not be available for the scheduled parental child support (visitation) because of an illness, the Iowa Access Enforcement Project will be informed accordingly. The Iowa Access Enforcement Project is not responsible for notifying [non-cust name] of the change in plans for parental child support (visitation). [name] is encouraged to provide the appropriate notice to [non-cust name] and offer to schedule a make-up weekend. [children] shall not be dropped off at the Center if ill with: a) a temperature of 100 degrees of fever or more; or b) actively ill, which would include repeated vomiting, diarrhea, severe or croupy cough, labored or rapid breathing; jaundice; pinkeye; headache and stiff neck; or if the child is obviously very ill.

15. [name] agrees to call the Center at 515-255-2531 on Friday evening if [name] will be late to drop [children] off or on Sunday evening if [name] will be late to pick [children] up.

16. [name] agrees to pick up the children on alternate Sunday evenings, as provided by the court order / mediated agreement, promptly at 00:00 pm. However, [name] agrees not to arrive at the Center before 00:00 pm on Sunday evenings. If [name] does arrive early and encounters [non-cust name] at that time, [name] agrees to leave the Center immediately without speaking to or making physical contact with [non-cust name]. If [name] has not picked up [children] within fifteen (20) minutes of the scheduled pick-up time, then [non-cust name] will be called and asked to stand by. If [name] has not picked up [children] within thirty (35) minutes of the scheduled pick-up time, [non-cust name] will be asked to return to the center and retrieve [children]. If neither parent can be reached at that time, then the emergency back-up contacts cited in section 13 of this contract shall be called and asked to retrieve [children] from the Center. If neither parent nor the emergency back-up designees can be reached, then the provisions of section 7 of this contract shall be applied.

17. [name] agrees to provide and sign completed health information and related authorization forms. [name] agrees to notify the Iowa Access Enforcement Project at any time [children] are placed on medication and to provide such medication and written instructions if administration of medication will be needed during the scheduled parental child support (visitation).

18. [name] agrees to notify the Iowa Access Enforcement Project at 515-277-8789 if [children] become ill with a contagious illness within seventy-two (72) hours after leaving the Center.

19. [name] agrees to note on the enrollment form if a bag is provided containing clothing, special food, toys, or medicine. It will not be the job of the Center staff to verify what is in such a bag at the beginning or end of the parental child support (visitation). However, the Center staff may note on the enrollment form that the bag was or was not provided as stated on the enrollment form.

20. [name] agrees to refrain from using corporal punishment on [children] and from using obscene, profane, or abusive language or conduct while on the premises of the Center or the Iowa Access Enforcement Project or from using obscene, profane, or abusive language or conduct while speaking to the Center staff or Iowa Access Enforcement Project staff by telephone.

21. [name] has been notified and understands that the Center and the Iowa Access Counseling Project can document the failure of [non-cust name] to produce [children] at the end of the scheduled parental child support (visitation) time, but have no other enforcement authority. If [children] have been dropped off late or not dropped off at all, that fact will be documented on the enrollment form and said documentation will be made available to [name] and [name]'s legal counsel. [name] will also be advised to contact the access counselor supervising the case on behalf of the Iowa Access Enforcement Project.

22. [name] understands that the Center charges a fee of $5.00 for each use of the Center. Said fees cover the operating costs of the Center and the salary of the Center staff. For this case, the $5.00 fee is to be paid by _____. Payment is expected on the date [children] are exchanged. The Center staff is not authorized to extend credit. The Center staff shall notify the access counselor supervising the case of the failure of clients to pay for use of the Center.

23. [name] agrees that should [name] or [non-cust name] fail to abide by the terms of this contract, then the contract shall be

terminated immediately. In the event of such failure, the Iowa Access Enforcement Project shall promptly notify [name] and [non-cust name] in writing at their last known addresses.

24. If the Iowa Access Enforcement Project or the Center violates the terms of this contract or otherwise discriminates against [name], then [name] may file a grievance with the Regional Advisory Committee of the Iowa Access Enforcement Project. A grievance form will be furnished upon request.

_____	_____
Iowa Access Enforcement Project	[name],
3623 Douglas Avenue	Custodial/Physical Care Parent
Des Moines, Iowa 50310-5345	[address]
	[city/state/zip]

Subscribed and sworn before me this ___ day of _____, 1992.

_____
NOTARY PUBLIC IN AND
FOR THE STATE OF IOWA

Variables: [name] = legal name of custodial/physical care parent
[children] = name of children using the Center custodial/physical care
[address]
[telephone #]
[non-cust name] = legal name of non-custodial/physical care parent

Appendix 3

Schedules for sharing the time and responsibilities of caring for and nurturing the child should be designed - as nearly as possible - to preserve the child's relationship with each parent. A time chart, graphing the days of the week and hours of the day, can demonstrate the percentage of time and responsibilities each parent assumed toward the child. A relationship questionnaire (see appendix 2) is also useful in quantifying relationships.

As one prepares such documentation, one should be conscious of differences in verbal skills and patterns of particular clients and of men and women in general (see You Just Don't Understand).

Joint physical care should be given all due consideration as warranted by the interest of preserving the child's relationship with each parent. Several widely reported studies of children not in age-appropriate joint physical care situations, as well as studies which have singled out families with a history of domestic violence, reported negative outcomes in joint physical care situations. Such reports may be valid, but their lessons should be applied appropriately. Studies of children in joint physical care which have not singled out age-inappropriate and domestic violence situations repeatedly demonstrate that children appear to have have adjusted extremely well to joint physical care.

When a less equal sharing of time is appropriate, we recommend:

a) every other weekend, 6:00 pm Friday through 8:00 pm Sunday;

b) one week night per week from 6:00 to 8:00;

c) four full weeks in the summer;

d) Fathers'/Mothers' Day and [date] (father's/mother's birthday) each year;

e) in odd numbered years Memorial Day, Labor Day, and Christmas Eve until 10:00 am on December 25; and New Years Eve until 10:00 am on January 1;

f) in even numbered years Easter, Fourth of July until 10:00 am on July 5, Thanksgiving Day, and Christmas Day until 10:00 am on December 26;

g) child's birthday in even/odd years;

h) the scheduled holidays in d, e, f, and g take precedence over scheduled weekends;

i) the parents shall share the right to take the child to school and extra-curricular activities and to attend parent-teacher conferences;

j) if one of the preceding scheduled visits is missed due to the child's illness, extra-curricular activities, or schedule conflict, then the parents shall schedule a make-up visit; and

k) scheduled weekly telephone contact with the child.

Appendix 4
Remedies for access denial

Effective non-litigation remedies

Documentation - Teach the client to keep a journal, calendar, a telephone log, photocopies of correspondence, and, when appropriate, tape recordings.

Counseling - The appropriate treatment of situational depression is cognitive therapy and empowerment. We are teaching an attitude, a different way of perceiving the other parent, and a set of skills.

Education - The counselor's role is educational. We educate the client about the child's need for a continuing relationship with both parents; the importance of redirecting their attention to the clients's relationship with the child rather than anger toward the other parent; and various skills.

Communication skills - Active or reflective listening, letter-writing skills, and setting boundaries for conversations contribute to more constructive communications.

Parenting skills - Many non-custodial parents are anxious about exercising discipline. Some lack necessary parenting skills.

Anger management - Referral to anger/stress management program.

Counselor intervention through a letter to other parent to educate the other parent about 1) the importance to the child of preserving relationships or 2) legal rights and obligations.

Mediation - for developing parental child support plans.

Referral to other services (support groups, neutral drop-off, supervised visitation) and community services (specialized counseling, classes, and/or treatment programs).

Less adversarial litigation options

Some forms of litigation are highly adversarial, putting the respondent in fear of a jail term for contempt of court or losing custody. For the first three diagnoses of child access interference, contempt or a petition for modification of custody would not be recommended as a first option.

For example, if the problem is adjustment difficulty arising from lingering anxiety over the recent litigation, adding more litigation is going to reinforce, rather than alleviate, the problem. Contempt or a petition for modification might serve the purpose of educating a parent about his or her responsibilities related to child access, but that is a terribly expensive and inefficient means of achieving said education.

Where one parent refuses to comply with anything short of a court order, please consider less adversarial litigation options,

such as: a motion for declaratory ruling to clarify an access (visitation) order; a motion for an order to participate in mediation; a petition for modification for make-up time; or an application for the alternatives to contempt, such as make-up time [598.23 (2) b of the Code of Iowa].

Specific remedy for the power model syndrome

At least initially, it is preferable to disengage the parties from litigation and seek voluntary participation in a psychological evaluation and treatment. A power model parent thrives on the adversarial system of justice. High adversarial litigation, such as contempt or custody modifications put power model parents in the role of martyr (i.e., Morgan-Foertich) and have built-in legal advantages for the power model parent, such as high evidentiary standards and the burden to prove the "intent" of the power model parent or a substantial and permanent change in circumstances. Thus, high adversarial litigation tends to be counterproductive in power model cases.

Even if the non-power model parent "wins" a round in court, in our system of justice, the power model parent can always resort to an appeal or a new form of litigation (ultimately, child abuse allegations).

Instead of high adversarial forms of litigation, seek voluntary participation in evaluation and treatment. If such voluntary participation in evaluation and treatment can not be elicited, then it may be necessary to seek a court order for an evaluation by a psychologist or psychiatrist qualified to diagnose power model syndrome and parental alienation syndrome. The counselor's documentation is likely to be very useful in obtaining the court order for a psychological evaluation.

Once power model behavior has been diagnosed in an objective examination, then a treatment plan should be designed for the power model parent, the children, and the non-power model parent. The non-power model parent frequently suffers from varying degrees of co-dependency. In extreme cases, the children will require virtual "deprogramming.

Any litigation from that point forward should be coordinated with the treatment program and progress therein. It is important that any further litigation pursued be designed for specific purposes related to treatment:

a) A restraining order against specific behaviors of the power model parent - documented by the treatment counselors - which would be a barrier to successful treatment of the children;

b) A court order for use of a neutral drop-off/pick-up center for exchange of the children;

c) A motion to clarify or a motion for a declaratory ruling to clarify certain specific access issues - thereby reducing the potential for disagreement and conflict - relating to scheduled parental child support times, telephone access, right to attend parent-teacher conferences, and related matters.

d) A writ of habeas corpus to compel access to the child.

Low adversarial litigation has a moderate burden of proof (for example, for a clarification, merely showing that the parents do not agree on the definition of "reasonable"), so such cases are winnable. If power model parents learn that they can not win a certain type of litigation, they are likely to redirect their behavior to avoid that type of litigation.

WRITTEN TESTIMONY
OF
ROBERT FERSH, EXECUTIVE DIRECTOR
OF THE
FOOD RESEARCH AND ACTION CENTER

In April of 1994, FRAC working jointly with members of the Campaign to End Childhood Hunger developed a statement on welfare reform. This testimony is reflective of our views and those of the Campaign to End Childhood Hunger. (see attachment A) Our statement supports the following:

- Work should be promoted - especially a broad expansion of job opportunity.
- Disincentives for the participation of two parent families in AFDC should be removed.
- Quality, affordable child care is necessary.
- Quality, affordable health care is necessary.
- Quality education and training programs are necessary.
- Welfare reform must create real jobs with real world salaries and benefits.
- Child support enforcement should also be improved.
- A guaranteed minimum benefit is necessary when it is not in the best interest of the family to have a single parent work outside the home.
- Ultimately, welfare reform should do no harm.

We oppose the following:

- fixed arbitrary time limits,
- child exclusions provisions which would deny additional AFDC benefits for children born to a woman already receiving benefits,
- financing the proposal on the backs of the poor or legal immigrants.

All across the country, people who care for the hungry have awaited Congressional action on welfare reform with great trepidation. Within the anti-hunger movement -- national organizations, state and local coalitions, people with low-incomes, and direct service providers -- there is a pervasive concern that many of the proposals before the Congress, including the Administration's proposal, H.R. 4605, The Work and Responsibility Act of 1994, have not been designed to reflect the diverse nature and needs of the very people these proposals are intended to assist. Many groups actually believe some of these proposals will increase the already unacceptable levels of hunger throughout the country.

Welfare reform done properly, can be an important element of an overall approach to eradicating hunger and poverty. If not designed and implemented appropriately, however, so-called "welfare reform" efforts could leave more families and children in need than there are today. We are deeply concerned about proposals which include such policies as time limits, child exclusion and financing mechanisms dependent upon the redesign or reduction of benefits for low-income families, individuals and legal immigrants. We believe such proposals will add to the lines at the doors of emergency food banks.

The welfare reform debate to date has been focused on the Aid to Families with Dependent Children program (AFDC). Contrary to public perception, AFDC serves about five percent of the population. Two-thirds of those served (9.3 million) are children.

The number of people receiving AFDC has increased from 11.1 million in 1975 to 13.6 million in 1992. Despite this increase, federal spending for AFDC benefits has not increased significantly in real terms (from $21.3 billion in 1975 to $22.2 billion in 1992). This represented 1.5 percent of all federal spending in 1975 compared to 1.1 percent in 1992. According to 1992 data from the U.S. Department of Health and Human Services, 36.9 million Americans -- 14.5% of the population -- are living in poverty. Poverty is defined as an annual income of $11,304 for a family of three which is the size of an average AFDC family. Yet, in 42 states, combined AFDC and food stamp benefits are below 75% of poverty.

I. Fixed Arbitrary Time Limits are Unacceptable.

We are deeply concerned about any proposal which seeks to time limit the receipt of public assistance. The Work and Responsibility Act of 1994, will ban further cash assistance, potentially for life, to a parent who has received AFDC for a total of two years. Should a parent use up their two years of eligibility for AFDC, he or she theoretically would be eligible for a subsidized job and child care. The Republican plan, H.R.3500, and the Mainstream Forum bill, H.R.4414 include more punitive time limits. As a policy, time limits promote the myth that welfare is a way of life for the majority of people receiving AFDC. The reality is that more than half the women on AFDC use the program for less than one year before entering the job market or obtaining adequate child support. Time limits also assume the majority of AFDC recipients must be forced to work. Our experience indicates that recipients want to work and would work if the employment opportunity includes real wages and adequate benefits.

Time limits assume a "one size fits all" approach. They do not take into consideration the needs of individuals. For example, the woman with a college degree forced onto AFDC due to death or divorce will not necessarily require the same amount of education or training as a teen mother struggling to complete high school. Nor should a parent with a chronically ill child be held to the same standard as a woman with two healthy school age children. We believe there may be instances where it is not in the best interests of the family to force the parent to work after two years. The welfare reform system must be flexible enough to respond to these circumstances. Although the Clinton plan offers limited extensions and deferrals, the imposition of a ten percent cap on the number of extensions a state may grant reinforces the rigid and arbitrary nature of the time limit.

Proposing time limits assumes emergency food programs will be able to satisfy any unmet needs. We, on the other hand, fear that time limits will only exacerbate the problem of hunger and enlarge the lines at soup kitchens and emergency feeding programs. A recent survey by the Second Harvest National Food Bank Network reveals that the amount of food being distributed by emergency providers is tremendous, but that the amount is not enough to meet present need. Furthermore, Second Harvest reports their national donations have declined by 30% this year.

The administrative resources (staff and financial resources) required to implement time limits -- for monitoring and penalizing those individuals who do not meet these new arbitrary rules -- are excessive and not a good use of resources. Under any time limited proposal, AFDC program administrators will spend an inordinate amount of time calculating the numbers of months recipients spend on and off AFDC and the sanctions to be imposed, time that could and should be spent on the intensive case management required to address the needs of those living in poverty. How much time, energy and money do we want the government to put into the additional administrative tasks required by fixed time limits? It would be far more effective to use scarce federal dollars on jobs or child care for the working poor participants in the AFDC program, than on increased bureaucracy.

The success of the Clinton plan is dependent upon the creation of public sector jobs for AFDC recipients who have reached the two year time limit without finding non-subsidized private sector employment. However, the Clinton plan and many of the other more conservative proposals do not address the need for a comprehensive economic stimulus packet that will create jobs that pay a living wage. We believe job creation will take the government out of the business of deciding and checking on exactly how hundreds of thousands of our fellow low-income citizens spend their waking hours. Coupled with support services such as quality, accessible, and affordable child care and meaningful education and training programs, a job creation strategy will go a long way toward "ending welfare as we know it".

Proponents of time limits choose to ignore the simple truth that it may take more than two years for an individual to become job reedy. The temporary public sector jobs and limited improvements in child support enforcement and child care in the Clinton plan do not constitute a broader anti-poverty program.

II. Child Exclusion Provisions will harm families.

Child exclusion proposals (also known as family caps), like the one contained in H.R. 4605, are likely to leave children hungrier. Such policies ignore the fact that there is little evidence that denying additional benefits for the birth of a child is a factor in a woman's decision to become pregnant. In fact, a research summary signed by over 70 researchers who work in the area of poverty, the labor market and family structure stated " the
evidence suggests that welfare has not played a major role in the
rise in out-of-wedlock childbearing." However, these researchers agree that poverty does harm children and eliminating welfare would "do more harm than good". (see attachment B)

Child Exclusion proposals would limit benefits to children born prior to applying for AFDC benefits. As previously stated there are circumstances that exist in real life that affect a woman's decision to become pregnant that are unrelated to participating in AFDC. Therefore, we believe that child exclusion proposals do not constitute welfare reform. Welfare reform involves proposing solutions that work for people.

Child exclusion provisions would penalize and unfairly punish poor women and their children. Even with the meager increase in AFDC benefits associated with having an additional child (between $40 and $65 per child), poor women are often forced to choose between buying dispers and food. Allowing states the option of denying AFDC mothers additional benefits for the birth of child will force more children and their families into hunger and need. True welfare reform should reduce, not exacerbate, hunger and need.

III. Welfare Reform must ensure that a strong safety net is in place

Welfare reform must ensure a that a strong safety net is in place for poor individuals and families. Over the past 20 years, there has been a 40% decline in AFDC purchasing power. Even in high benefit states such as Alaska and Vermont benefits do not reach the poverty level. In fact, the median payment of $365, is 39% of poverty. When food stamps are added, roughly 40 states have combined benefits below 75% of the poverty line.

Maintaining and strengthening food and nutrition programs, including the Food Stamp Program is essential to assuring low-income children and their families an adequate and nutritious diet. While the Clinton proposal does not involve any negative changes in the food stamp program, H. R. 3500, the Republican plan and H.R. 4414, introduced by members of the Mainstream Forum, both contain provisions which directly impact the Food Stamp Program.

H.R. 3500 would convert nine of the major food programs, including the Food Stamp Program, into a block grant and reduce their funding by five percent. The Mainstream Forum Plan would use food stamp dollars to subsidize private employment, further exacerbating low-wage labor market conditions and diverting important nutrition dollars from feeding children.

We oppose converting federal nutrition programs into a block grant for several reasons. First, block grants to states do not provide any assurance that the nutritional needs of low income Americans will be met. We believe that the federal government should play a primary role in protecting the nutrition and health status of vulnerable populations which include pregnant women, children, frail elderly, migrants and Native Americans. Block grants do not allow for food price indexing or a change in demographics. Block grants therefore end up reducing the benefits available to hungry children and their families.

Given the inclusion of food stamps in these two proposals and the numerous food stamp related waivers granted by the Administration, it is imperative that the welfare reform debate consider the importance of maintaining the integrity of this important nutrition program. We are particularly concerned about waivers to cash out the food stamp program. Low-income families face numerous difficult choices about how to spend limited resources. While food stamp coupons can be spent only on food, families will face significant pressure to spend cashed out food dollars on such necessities as housing and medicine. USDA's own research demonstrates that households receiving food stamps on average spend more on food and purchase more food than low-income non-participating households.

Poor or non-existent health care is one of the major reasons poor families cannot escape the cycle of poverty. Adequate health care is essential for people to move successfully from the welfare rolls to the employment rolls. Quality health care reform must precede welfare reform.

IV. Financing

Providing the necessary support services will not be cheap.
It is simply not fair to finance welfare reform on the backs of the poor. It is completely unacceptable to finance any welfare reform proposal by redesigning and reducing child nutrition benefits for low-income families and individuals or programs for legal immigrants.

The Administration's proposal cuts the Child and Adult Care Food Program (CACFP) by $150 million as one part of its financing package. CACFP was cut substantially by the Reagan Administration in the 80's and further cuts would undermine this important child nutrition program.

CACFP provides meals to children from low and moderate income working families. These meals are served in family day care homes and child care centers. Currently, the family day care portion of the program has no "means test". A means test is used in programs like School Lunch to determine how much federal funding goes to a school for each meal served. Depending upon a child's income, the school receives a free, reduced-price or paid meal federal reimbursement. In the family day care portion of CACFP, the program sponsor receives only one rate of reimbursement for meals served. The free, reduced-price and paid meals reimbursement are "blended" into one rate and no means test on income applies.

The Administration proposal establishes a new means test for the family day care portion of CACFP -- a geographic or area eligibility test. This approach does not require individuals to submit income information to sponsoring agencies. Rather, it requires that the "area" in which a family day care home provider feeds her children determines which of two federal reimbursements she will receive. If the family day care home is within a designated eligibility area, an area where at least 50% of the children come from families with incomes below 185% of poverty, then this provider will receive the current "blended" rate, -- no charge will occur. If the provider is not within this designated area, she will receive a substantially lower rate, since she is serving more children from moderate income families.

In theory, the Administration's proposal sounds good -- more dollars for providers who serve larger numbers of low income children. The problem is no one knows whether this approach will work and current sponsors and providers believe that it will result in more paperwork and increased costs to the program. Earlier this year, this proposal was considered by the staff of the Senate Agriculture Committee and was abandoned because:

- no hearings had been held in Congress on what was considered a radical change in CACFP program design
- no pilot testing had been done to see if this approach might work or was, in fact, detrimental to the goal of providing nutritious meals to preschool children, or its potential negative effect on program providers, sponsor and state agencies
- cost savings were suspect, and
- the proposal appeared too bureaucratic.

Conclusion

We support H.R. 4767, The Family Self-Sufficiency Act of 1994, introduced by Representative Robert Matsui (D-CA) and H.R. 4498, the Job Start for America Act of 1994, introduced by Representative Patsy Mink (D-HI) as reasonable approaches to addressing the problems of the current welfare system. Neither of these measures contains time limits or child exclusion provisions. However, they offer recipients hope through support services such as education and training and quality child care. These proposals also offer recipients the possibility of providing for their families through an emphasis on work and improved job opportunity.

Despite the improvements in child support enforcement, child care, and the JOBS program, the Clinton proposal and other time limited measures deeply trouble those of us in the hunger movement. We believe the consequences of time limits, child exclusion proposals and financing mechanisms which will harm the poor outweigh the positives. True welfare reform should do no harm to those it is intended to help.

F·R·A·C

FOOD RESEARCH
& ACTION CENTER

THE FOOD RESEARCH AND ACTION CENTER

The Food Research and Action Center (FRAC) is the leading national organization working to improve public policies to eradicate hunger and undernutrition in the United States. Founded in 1970 as a public interest law firm, FRAC is a nonprofit and nonpartisan research, public policy and legal center that serves as the hub of an anti-hunger network comprised of thousands of individuals and agencies.

FRAC seeks to harness our nation's resources on behalf of those Americans who are least able to provide for themselves -- poor children and their families, the elderly, the homeless and those on the brink of homelessness. FRAC engages in a variety of activities at the national, state and local levels to form a comprehensive strategy for reducing hunger and undernutrition in this nation.

FRAC is conducting ground-breaking research to document the extent of hunger and its impact on low-income families with children. FRAC studies documenting the growth and extent of hunger in the U.S. have led to important public and private initiatives to feed the hungry. "Bitter Harvest," a study published in 1984 and 1985, provided early evidence that the poor and hungry were being excluded from the economic recovery of the 1980s. The survey, the largest and most comprehensive of its kind, led to Congressional restoration of Food Stamp benefits.

The Community Childhood Hunger Identification Project (CCHIP), FRAC's most ambitious undertaking to date, is the most comprehensive study of childhood hunger ever conducted in this country. CCHIP is examining factors associated with hunger, documenting the extent of domestic childhood hunger, and has become the central weapon in the Campaign to End Childhood Hunger.

FRAC reviews and analyzes the major developments at the national level that affect food assistance and related programs -- legislation, regulations and major reports and proposals. FRAC also monitors the implementation of these laws and serves as a watchdog of regulations and programs affecting the poor. One of the best-known examples of FRAC's watchdog role occurred in 1981 when FRAC was instrumental in convincing the U.S. Department of Agriculture to withdraw a regulation that would have labeled ketchup a "vegetable" in the school lunch program. More recently, FRAC intervention expanded the right of homeless people to obtain food stamps in an expedited manner and modified rules that denied food stamps to families forced to move in with relatives.

FRAC functions as a support center and coordinating body for a growing nationwide anti-hunger network comprised of advocates, food bank and food pantry staffers, program administrators and participants, legal services attorneys, policymakers and others. Through technical assistance, field-based training sessions, and publications, including food program guides and evaluations, hunger studies, federal policy and poverty updates, and its newsletter, *Foodlines*, FRAC empowers its network to ensure that federal food assistance programs are

1875 Connecticut Ave., NW
Suite 540
Washington, DC 20009
TEL: (202) 986-2200
FAX: (202) 986-2525

broadly available, administered correctly, and funded adequately. Their activities range from assisting Atlanta emergency food providers to add food stamp outreach to their food distribution program, to building hunger coalitions in states where none currently existed, such as the formation of the Vermont Anti-Hunger Coalition and the Maine Coalition for Food Security.

At its national conference, FRAC brings together hundreds of anti-hunger activists and experts, food bank and food pantry staffers, program administrators and participants, legal services attorneys and policymakers from across the country to evaluate past anti-hunger efforts and to set a common direction for the future. In addition to its national conference, FRAC's twice-yearly meetings of state anti-hunger leaders result in a stronger, more coordinated and more effective attack on hunger.

FRAC serves as a clearinghouse for national and local organizations seeking information and analyses about hunger and anti-hunger programs. Through FRAC, local and statewide organizations are put in close contact with each other to share strategies, successes, and challenges, ultimately strengthening efforts to end hunger in all regions of the country. Additionally, FRAC's ties to other national organizations, associations, and unions -- including educators, nutritionists, physicians, the business community, workers, and others -- broadens the reach of hunger advocacy.

FRAC closely monitors policy developments and relays information from local activists, expert nutritionists and analysts to federal policymakers. FRAC ensures that the voices of the hungry are heard on Capitol Hill and that policy makers understand the impact their programs may have on the needy.

FRAC provides legal services and assistance to those seeking to protect the rights of persons eligible for food assistance programs. Litigation by FRAC in the 1970s led to the expansion of the WIC Program, blocked efforts by the Ford Administration to reduce the Food Stamp Program and required scores of school districts to implement the School Lunch program in inner city schools. FRAC currently maintains a strong legal unit which provides technical assistance to more than 500 attorneys and paralegals a year.

FRAC conducts media and public information campaigns to help promote changes in public attitudes and policies, and acts as an authoritative source of information on hunger for the news media, public officials and the American public. Public opinion is the engine that drives public policy, and citizens and officials must be well informed if the nation is going to reduce hunger. FRAC reports are distributed widely to the grassroots network, the media, congressional offices, government agencies, educators and interested individuals. FRAC also works with the media to shape reporting on hunger, poverty and low-income people.

Millions of kids are hungry in America.

Campaign to End Childhood Hunger

Millions of kids are hungry in America.
About five million children under age 12 – 1 in 8 – go hungry each month.
Hunger hurts.
It robs children of proper physical development.
It causes health problems and it interferes with a child's ability to concentrate and learn.
Hunger makes children less likely to reach their potential.
That is why we launched the Campaign to End Childhood Hunger.

We can end childhood hunger now.

Here's the challenge. The primary cause of hunger in the United States is poverty, and in our country today, one in five children is poor. In the long run, the availability of quality education and training, jobs with living wages, and adequate and affordable housing, child care and health care will lift families out of poverty. *But hungry children cannot wait for the long run.*

The Campaign is feeding kids today. The Campaign to End Childhood Hunger is the most ambitious, sustained and coordinated national effort ever undertaken to eliminate hunger in the United States. The Campaign is ensuring that children from families with low incomes are getting the food they need to be healthy and productive. Most notably, the Campaign is playing a major role in:

- increasing national and state funding for the Special Supplemental Food Program for Women, Infants and Children, bringing food to our most vulnerable citizens;
- starting thousands of new school breakfast programs reaching hundreds of thousands of needy children each morning;
- protecting school lunch from damaging budget proposals;
- expanding summer food programs for needy children when school is closed;
- making the child care food program available in family day care homes;
- promoting reforms in the Food Stamp Program to feed hungry families;
- ensuring the distribution of food for the hungry and homeless through The Emergency Food Assistance Program; and
- forging new partnerships and creating new opportunities to ensure that no child goes hungry in this country.

There is a place for everyone in the Campaign.

Coordinated by the Food Research and Action Center, the Campaign is being waged actively by hundreds of citizen groups in 50 states. The Campaign's National Advisory Council includes corporate executives, labor union presidents, bipartisan leadership in the U.S. Congress, religious leaders, creative artists and experts in hunger and poverty.

The Campaign has the endorsement of more than 100 national organizations, representing millions of Americans. These groups include the U.S. Conference of Mayors, the Second Harvest National Food Bank Network, the National Urban League, the AFL-CIO, the League of Women Voters, the Children's Defense Fund, and Catholic Charities USA.

-over-

Campaign To End Childhood Hunger

1875 Connecticut Ave. N.W. #540 • Washington, D.C. 20009 • (202)986-2200 • FAX (202)986-2525

At the state and community levels, Campaign coalitions actively involve hunger and poverty advocates, elected leaders, educators, parents, people with low incomes, volunteers, corporate and business leaders, government workers, religious congregations, medical professionals, researchers and many, many others.

The Campaign to End Childhood Hunger is pledged to:

- *Ensure that all of those who are eligible have access to the Special Supplemental Food Program for Women, Infants and Children (WIC).* Participation in WIC results in improved nutrition and significant savings in federal health care costs. Yet, inadequate funding leaves many eligible people without benefits.

- *Expand the availability of the School Breakfast Program and ensure that the National School Lunch Program remains accessible to all children.* Children from low-income households receive up to one-half of their daily nutrient intake from school lunch. School breakfast participation leads to higher test scores and better attendance records. Yet, the School Breakfast Program is available in only half of the schools that offer lunch; and stigma, red tape and other barriers keep many needy children out of the lunchroom.

- *Feed children when they are not in school by greatly expanding use of the Summer Food Service Program for Children and the Child and Adult Care Food Program.* Just a fraction of the low-income children who receive lunch at school have access to summer meals because few eligible sponsors choose to offer them. Likewise, many low-income children go without benefits from the child care food program because their day care providers do not participate.

- *Strengthen our nation's first line of defense against hunger – the Food Stamp Program – by supporting program improvements so that children and their families will have enough to eat each month.* One in ten Americans receives food stamps; yet benefits are inadequate. And, millions of children, women and men in need are unable to participate because of program barriers.

And ultimately to:

- *Achieve "food security" so that all people have access to a nutritionally-adequate diet with dignity as a matter of right.*

Here's how we do it.

Working with key groups in every state, the Campaign:

- strengthens local coalitions;
- educates the public on the extent, causes and solutions to hunger;
- promotes increased governmental response to childhood hunger;
- uses the media to get the message out on hungry children;
- engages in groundbreaking research on childhood hunger and poverty;
- conducts national and statewide conferences and skill-building training sessions;
- produces and distributes educational videotapes, fact sheets and reports;
- shares information using computer networks and other technologies.

Be informed. Be involved.

If you are not hungry yourself, or living in poverty, or involved in helping those who are, it is all too easy to ignore the misfortune and pain of others. And while many may avert their eyes and close their minds, the problems are real and they are severe. Unless action is taken now, these problems will only increase in magnitude until the cost of attacking them becomes overwhelming and millions of children suffer needlessly.

Millions of kids are hungry in America. Join the Campaign to End Childhood Hunger!

For information, contact: Food Research and Action Center, 1875 Connecticut Avenue, N.W. #540, Washington, D.C. 20009; (202) 986-2200

Attachment A

Millions of kids are hungry in America.

CAMPAIGN TO END CHILDHOOD HUNGER
FOOD RESEARCH AND ACTION CENTER

Statement on Welfare Reform

Welfare reform, done properly, can be an important element of an overall approach to eradicating hunger and poverty. If not designed and implemented appropriately, however, so-called "welfare reform" efforts could leave more families and children in need than there are today.

These fundamental points must guide any welfare reform effort:

True welfare reform must seek to eradicate hunger for all by guaranteeing, as a matter of right, access to food that ensures health and well-being. Welfare reform must address the root causes of hunger, which include economic, racial, class, and gender inequities.

Welfare reform policies should take into account human dignity; those who cannot work or find work outside the home should receive a guaranteed federal income set at the federal poverty level with an annual cost of living adjustment (COLA) and a full range of supportive services.

True welfare reform must recognize the labor market context in which the public assistance system operates and be part and parcel of a strategy for generating greater economic opportunities for all persons.

Overall economic and social policies, including stimulus measures, are needed to provide decent job opportunities, to address the problems of the low-wage labor market, and to provide the education, training, child care and other program supports which make work possible.

Recipient participation in framing welfare reform is critical for the success of such policies.

Welfare reform measures can and should be financed by making the tax system more equitable (including by closing tax loopholes). Welfare reform should not be funded on the backs of the poor or legal immigrants.

Welfare reform policies must improve, not harm, the circumstances of poor children and their families.

Changes in policies should reduce, not exacerbate, hunger and need.

TIME LIMITS

Fixed arbitrary time limits are unacceptable.

Arbitrary time limits on the receipt of public assistance do not take into consideration the different needs of individuals. Time limits assume a one size fits all approach to what are often unique and complex problems. The factors which cause one to need assistance are varied; similarly, what is required to achieve financial stability varies by individual and community. The need to ensure that people meet the requirements set by any time limit could require administrative resources which would be better spent on providing the victims of poverty with the support necessary to care for their children and move toward jobs with adequate pay and benefits.

JOBS AND GUARANTEED INCOME

Job creation, job training, and a guaranteed income must be central pieces of any meaningful welfare reform effort.

Given current rates of unemployment as well as the shift in the U.S. economy from an industrial to a more service oriented economy, families have too few opportunities to earn living wages. Any true welfare reform proposal must be part of a comprehensive plan for economic stimulus and new job creation.

Employment must not leave families poor. In this regard, raising the minimum wage is an important first step in addressing the problems of the low-wage labor market. Effective job training must be an integral part of assisting people with low incomes in making the transition from public assistance to decent employment. Similarly, raising asset limits for benefit eligibility and other measures to encourage asset development can play a role in helping people transition off public assistance. Vigor-

(more)

Campaign To End Childhood Hunger

1875 Connecticut Ave. N.W. #540 • Washington, D.C. 20009 • (202)986-2200 • FAX (202)986-2525

ous enforcement of federal civil rights laws is yet another vital element of ensuring access to worthwhile employment.

Public benefit levels are inadequate. In fact, the real value of AFDC benefits have fallen 42 percent since 1970. Benefit levels should be raised. Since the current economic recovery has not resulted in a significant increase in jobs, and employment does not exist for all who want to work, a federally guaranteed minimum benefit set at the national poverty level must be put in place to secure access for all to food, housing, clothing, health care, and education.

SAFETY NET

Welfare reform must ensure that a strong safety net is in place for poor individuals and families.

Welfare reform proposals must provide an adequate safety net. State requests for waivers from federal regulations must be scrutinized to ensure that they meet basic principles, and that their granting will not result in experimentation with the lives of real people.

Maintaining and strengthening food and nutrition programs, including the Food Stamp Program, is essential to assuring low-income children and their families an adequate and nutritious diet. Granting state waivers which provide for the cashing out of food stamps undermines this important nutrition program for poor families. Moreover, some waiver proposals would use food stamp dollars to subsidize private employment, further exacerbating low-wage labor market conditions and diverting important nutrition dollars from feeding hungry children.

Welfare reform must give people the support they need. Quality affordable child care, affordable transportation, education and training, and universal health care are essential for persons to move successfully from the welfare rolls to the employment rolls without the threat of hunger or homelessness.

Poor or non-existent health care is one of the major reasons poor families can not escape the cycle of poverty. Quality health care reform must precede welfare reform.

Devising an equitable child support assurance program would further strengthen the safety net.

FINANCING

Welfare reform should not be financed on the backs of the poor.

Providing the necessary support services will not be cheap. However, it is completely unacceptable to finance any welfare reform proposal by redesigning or reducing benefits for low-income families and individuals or legal immigrants. Raising revenues, including the elimination of tax loopholes, to reform the welfare system correctly is justified as an important investment in our nation's future.

IMPACT ON CHILDREN

Welfare reform must take into account the impact of any change in public assistance on children.

The purpose of the AFDC program is to provide financial assistance to needy families with dependent children. Any change in the program which may result in an increase in childhood hunger is unsatisfactory.

Imposing a family cap on public assistance benefits when a recipient has an additional child is a punitive and unwarranted policy that only will leave children worse off. Changes in the program which result in children being placed in poor quality or substandard care are also unsatisfactory.

By contrast, positive changes could result in meaningful gains for children. An equitable child support assurance program can help ensure that children enjoy the support of both parents. Welfare policies must be designed to support two parent families, as well as single parent families, without stigma or preference.

May 1994

Attachment B

WELFARE AND OUT-OF-WEDLOCK BIRTHS
A Research Summary

As researchers who work in the area of poverty, the labor market, and family structure, we are concerned that the research on the effect of welfare on out-of-wedlock childbearing has been seriously distorted. As researchers, we are deeply concerned about the rising rates of out-of-wedlock childbearing and the high incidence of poverty and welfare use among single-parent families. However, the best social science research suggests that welfare programs are not among the primary reasons for the rising numbers of out-of-wedlock births.

Most research examining the effect of higher welfare benefits on out-of-wedlock childbearing and teen pregnancy finds that benefit levels have no significant effect on the likelihood that black women and girls will have children outside of marriage and either no significant effect, or only a small effect, on the likelihood that whites will have such births. Indeed, cash welfare benefits have fallen in real value over the past 20 years, the same period that out-of-wedlock childbearing increased. Thus, the evidence suggests that welfare has not played a major role in the rise in out-of-wedlock childbearing.

There is, however, strong evidence that poverty harms children. Poor families often live in substandard housing and have difficulty purchasing basic necessities such as food and clothing. Research has demonstrated that poor children are more likely than nonpoor children to be too short and too thin for their age. Poor children also tend to develop academic skills more slowly than nonpoor children. And, poor children who live in poor neighborhoods are less likely than more affluent children to complete high school. Research in this and other countries also indicates that programs that provide employment and income assistance to poor families decrease poverty rates among children.

There are several plausible explanations for the rise in out-of-wedlock childbearing, although research has not determined which of these are important factors. Possible explanations include: changed sexual mores, decreased economic opportunity for low-skilled young men and young women, changed roles of women, the increased proportion of women in the labor market, and deteriorating neighborhood conditions stemming from racial segregation and industrial change. *Focusing on welfare as the primary cause of rising rates of out-of-wedlock childbearing vastly oversimplifies this complex phenomenon.*

Recently some have suggested that poor children born to unmarried parents should not be eligible for Aid to Families with Dependent Children, food stamps, or subsidized housing. Proponents of these drastic policies defend them as necessary to decrease the number of children born outside of marriage. We question the efficacy of such policies.

Policies that deny poor children basic income and nutrition assistance are likely to harm their physical and academic development and increase the incidence of homelessness and hunger among children. In addition, families that are left with no means to support their children may find that the only way their children's basic needs can be met is to place them in foster care or in an institution. Such parents would be forced to relinquish their children not because they are abusive or neglectful but simply because they are destitute. This is not in the best interests of children. While some signers of this statement believe that welfare has some modest impact on out-of-wedlock childbearing, we all agree that the damage done to children by denying assistance to their families would be far too great to justify eliminating the safety net for them.

We need significant improvements both in the welfare system and in other policy areas. Improvements in the child support system must be made so young men understand that if they father a child they will be required to provide financial support for that child for 18 years and so fathers assume more parenting responsibilities. Changes in the welfare system must be made so more parents can move off welfare, into the workforce, and out of poverty. And, innovative approaches to curbing teen pregnancy should be pursued and strategies found effective widely implemented.

But ending welfare for poor children born out-of-wedlock does not represent serious welfare reform, and would inflict harm on many poor children. *We strongly urge the rejection of any proposal that would eliminate the safety net for poor children born outside of marriage. Such policies will do far more harm than good.*

Signatories:

Larry Aber	Columbia University
Greg Acs	Urban Institute
Elijah Anderson	University of Pennsylvania
John Antel	University of Houston
Sheila Ards	University of Minnesota
Rebecca Blank	Northwestern University
Larry Bobo	University of California, Los Angeles
Larry Bumpass	University of Wisconsin
Martha Burt	Urban Institute
Glen G. Cain	University of Wisconsin
Maria Cancian	University of Wisconsin
Anne Case	Princeton University
Andrew Cherlin	Johns Hopkins University
Thomas Corbett	University of Wisconsin
Mary Corcoran	University of Michigan
Sandra Danziger	University of Michigan
Sheldon Danziger	University of Michigan
Greg Duncan	University of Michigan
Kathryn Edin	Rutgers University
George Farkas	University of Texas at Dallas
Ren Farley	University of Michigan
Ronald Ferguson	Harvard University
Frank Furstenberg	University of Pennsylvania
Irv Garfinkel	Columbia University
Peter Gottschalk	Boston College
Edward Gramlich	University of Michigan
Kathleen Mullan Harris	University of North Carolina at Chapel Hill
Robert Haveman	University of Wisconsin
Martha Hill	University of Michigan
Jennifer Hochschild	Princeton University
Saul Hoffman	University of Delaware
Robinson Hollister	Swarthmore College
Marjorie Honig	Hunter College
Joe Hotz	University of Chicago
Robert Hutchens	Cornell University
George Jakubson	Cornell University
Paul Jargowsky	University of Texas at Dallas
Christopher Jencks	Northwestern University
Alfred J. Kahn	Columbia University
Sheila B. Kamerman	Columbia University
Thomas Kane	Harvard University
Joleen Kirschenman	University of Georgia

Marieka Klawitter	University of Washington
Sanders Korenman	University of Minnesota
Jeff Lehman	University of Michigan
Robert Lerman	American University
Kristen Luker	Princeton University
Irene Lurie	State University of New York at Albany
Douglas Massey	University of Chicago
Sara McLanahan	Princeton University
Jane Miller	Rutgers University
Robert Moffitt	Brown University
Kristin Moore	Child Trends, Inc.
Samuel L. Myers, Jr.	University of Minnesota
Richard Nathan	State University of New York at Albany
Kathryn Neckerman	Columbia University
Demetra Nightingale	Urban Institute
Brendan O'Flaherty	Columbia University
Melvin Oliver	University of California, Los Angeles
Martha N. Ozawa	Washington University at St. Louis
Robert Plotnick	University of Washington
Samuel Preston	University of Pennsylvania
Lee Rainwater	Harvard University
Lauren Rich	University of Michigan
Philip Robins	University of Miami
Gary Sandefur	University of Wisconsin
Dona Schwartz	University of Minnesota
Theda Skocpol	Harvard University
Timothy Smeeding	Syracuse University
Mercer Sullivan	New School for Social Research
Marta Tienda	University of Chicago
Harold Watts	Columbia University
Julie Boatright Wilson	Harvard University
William Julius Wilson	University of Chicago
Doug Wissoker	Urban Institute
Barbara Wolfe	University of Wisconsin

Attachment C

Millions of kids are hungry in America.

THE CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

An Analysis of Administration Proposals To Cut
CACFP To Finance Welfare Reform

The Food Research and Action Center, working with the National CACFP Sponsors Forum, has analyzed this section of the administration's Welfare Reform Bill, and the following is a brief summary of our concerns:

Administration of the area eligibility means test will mean more bureaucracy, more paperwork and increased costs for CACFP sponsors.

The institution of this type of means test would also add enormous new paperwork and audit responsibilities for CACFP sponsors, state administering agencies, USDA and some providers. Administrative costs would be increased significantly, resulting in a shift of valuable federal dollars away from real service to paperwork.

The process of matching census tract data with specific house numbers would be extremely time-consuming and difficult, e.g., one street may cut across several census tracts. For example, in Louisville, Kentucky there are 128 different census tracts for the approximately 200 family day care homes in the area.

Methods to determine the area eligibility criteria suggested by this legislation do not effectively determine the number of low income preschool children eligible for CACFP.

There is no evidence at this time to accurately assess the efficacy of using census tract data to target low-income children in family day care homes. In addition, the census is only carried out every ten years, and in some areas it quickly becomes outdated.

The general poverty rate established by the Census is not representative of the pre-school poverty rate. A special run for children under 5 would be needed so that CACFP sponsors and state agencies could accurately determine eligible areas. In addition, the use of Census tract data to determine eligibility is particularly problematic for rural areas because the geographic distribution of pockets of poverty within large rural census tracts tends to dilute the overall rate of poverty, making it difficult to reach the fifty percent level required by this

plan. This is especially disturbing since, according to the GAO, about 1/4 of poor preschool children live in rural areas.

Free and reduced price school meal applications do not accurately reflect the income status of the neighborhoods within a school district for low income preschool children. The General Accounting Office has reported that very young and preschool age children are more likely to be poor than the rest of the population, including school-age children. [Cite: Poor Pre School Age Children, General Accounting Office, July, 1993.]

Low income parents may not necessarily choose family day care providers located within their neighborhoods. Many parents choose child care close to where they work. If affordable, parents in low-income high crime neighborhoods choose child care in safer areas.

Providing CACFP to low-income children outside the designated area will become more difficult

Given the area eligibility criteria set forth in this provision, we can expect a significant number of low-income children to be cared for outside the designated areas. Even though the means test plan attempts to compensate for this possibility by offering those homes outside the designated low-income areas the option of administering a means test, the complexity of such a test would discourage most from participating, leaving them with the lower reimbursement rate. For those providers, the lower reimbursement rates (26% lower) would not provide adequate resources for them to meet the CACFP nutritional requirements and they would very likely drop out of the program.

There has been increasing concern about the shrinking availability of child care assistance for working poor families, and the negative impact this has on these families' efforts to avoid the need for welfare. The CACFP provides important benefits to hard working families who, if not eligible for child care subsidies, are barely above eligibility for reduced-price lunch (185% of poverty). Day care home providers serving children from these families would face an automatic 26% reduction in reimbursement under this provision.

There is a high level of uncertainty about the effects of this proposal

It seems unjustified to attempt such a fundamental change in program design without more extensive research and the completion and analysis of pilot projects by local sponsors. Program design changes developed by policy makers in the absence of field testing frequently do not yield the intended result, and in fact can result in the exact opposite of what was originally intended.

Issues of feasibility, effectiveness of targeting and cost need to be fully evaluated. The impact of this proposal could have extraordinarily serious repercussions. The administration would be causing a significant increase in bureaucracy and administrative costs, while potentially reducing the ability of CACFP to function as a major source of government assistance to children in family day care.

In conclusion, the implementation of this proposal could actually act as a barrier to participation in CACFP by low-income families, and would very possibly result in serious consequences beyond the loss of the nutritional benefits of participation in this food program. A comprehensive approach is necessary to continue the increase in the number of low-income children participating in CACFP. The National CACFP Sponsors Forum, working with the Food Research and Action Center and the Children's Defense Fund, have crafted a package of changes which are reflected in the Leahy and Woolsey Bills, and which if enacted would facilitate CACFP participation by family day care homes serving low-income children. We believe that a strong network of family day care is crucial to the success of any welfare reform proposals, and that it is possible to remove barriers to CACFP participation without erecting more in the process.

(The term family cay care home is used to refer to the care of unrelated children in the home of the provider.)

COMMISSIONERS
Robert Paul Kelley, *Chair*
Barbara Curtis, Esq., *Vice-Chair*
Virginia S. Young
Dianne Y. Boutin
Fannel G. Larkins

THE HOUSING AUTHORITY

of the

CITY OF FORT LAUDERDALE, FLORIDA

ESTABLISHED 1938

WILLIAM H. LINDSEY, Ph.D.
Executive Director

TO: Ms. Janice Mays
Chief Counsel and Staff Director
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

FROM: William H. Lindsey, Ph.D.
Executive Director
The Housing Authority of The City of Fort Lauderdale, Florida

DATE: August 8, 1994

SUBJECT: Invited Testimony for the Subcommittee on Human Resources Hearing on Transitional Assistance, Work, And the Role of the States in Welfare Reform, and Financing Issues

In response to an invitation to present testimony on the above referenced subject I respectfully submit the following comments.

I. **Issue: Public Education.**

Statement of the Problem: At present there is no effective mechanism to hold the public school system accountable for the adequacy of public education provided to low income students.

Discussion: A necessary condition for people to achieve and retain economic self-sufficiency is an adequate education. For the majority of citizens the major vehicle to provide this function is the public education system, or to be more exact, the public schools.

In the inner-city neighborhoods served by the Fort Lauderdale Housing Authority, a research project conducted between 1990-1992 showed the percentage of middle school students (5th, 6th, 7th grades) who dropped out was almost 50%. The high school student cohort showed a 70% dropout rate. In addition, the data showed that from the fifth to the sixth grades the percentage of students who had a "D" or "F" grade point average increased from 25% to 45%.

The research design used was based on the examination of how the public school system was meeting the educational needs of low income students living in public housing. Rather than view the student in the context of the classroom, the focus was on how the public school system was meeting the educational needs of a cohort of public housing students at the neighborhood level.

The analysis consisted of tracking report card grades over a two year period. The report card grades were adjusted to focus on only the core academic subjects and then converted to grade point averages. The resulting trend data showed the majority of students at the middle and high school level were not in school! The students who were in school performed below average and, over time, their performance declined.

The research project confirmed the failure of the public school system to provide an adequate education to low income students who live in public housing. In addition, the process of students falling behind at an increasing rate as the grade level increases was confirmed, i.e., educational deficiencies were compounded as the students progressed in grades.

Perhaps the most startling result of this research was the reaction of the School Board staff when the results were presented. The staff response was that the results were just what would be expected from students who were poor, minority, from single parent families, and who reside in the inner-city, specifically public housing.

Conclusion: At the current time there is no effective mechanism to insure the accountability of local public school systems in adequately addressing the issue of disparate educational outcomes which can be characterized by race, income, family structure, and location of residence.

Until the institution of public education is held accountable for performance, i.e. the results or products of the educational process, education as a mechanism to attain economic self-sufficiency will continue to be applied in a way that is discriminatory.

Recommendation:

The presentment power of Federal and State grand juries should be focused on why public school systems are not adequately serving the educational needs of low income children. Federal grand juries should be involved due to the investment of federal funds (e.g., Title I) in local public schools. State grand juries should be involved due to the impact of the issue having statewide consequences.

The approach of using the presentment power of the grand jury to issue narratives about the effectiveness of local officials in administering public institutions was utilized very effectively in Dade County, Florida by then State Attorney Janet Reno. This form of institutional accountability is still used in Dade County by Ms. Reno's successor, Ms. Kathy Fernandez-Rundle.

II. **Issue: Education, Skill Training and Employment.**

Statement of the Problem. Key components in designing a strategy to break the cycle of poverty and welfare dependency for the able bodied are basic education, skill training, and employment. At present, the welfare system does not provide adequate incentives for recipients to reduce dependency and make the transition to work.

Discussion: The failure of the public schools to provide an adequate education for low income citizens should not shift the responsibility for basic educational skills to private employers. This shift in responsibility increases costs for the private sector and reduces competitiveness.

In the late 1980s, the Fort Lauderdale Housing Authority was one of nineteen national demonstration sites to implement the Minority Youth Training Initiative sponsored by the U.S. Department of Housing and Urban Development.

The three major findings demonstrated by this program were: 1) the high number of minority youth who had dropped out of school; 2) the high percentage of youth who had received a high school diploma or general equivalency diploma (GED) and did not have basic educational competencies; and 3) the trainees had the motivation and ability to successfully complete skills training and receive employment after these educational deficiencies were corrected.

The transition from welfare dependency to employment may mean initially being paid the minimum wage. The minimum wage is the bottom of the wage structure on the ladder of economic mobility. Most persons at some time in their life have had a minimum wage job. To have a minimum wage job after having been on welfare signals a major shift from dependency to work.

The issue is that for too many persons trapped in the cycle of poverty the minimum wage job is the end of the economic ladder and the job will not provide the money to meet the basic necessities of life. The major factor to keep one moving up the economic ladder to higher paying jobs and complete economic self-sufficiency is education.

The key to making the transition from welfare to work is having a "floor" of benefits to enable a person to receive the minimum wage and still have a quality of life equal to or better than that supported by depending totally on welfare payments.

A case in point will illustrate the importance of a "floor" of welfare benefits. In June of 1994, the Fort Lauderdale Housing Authority became the first Housing Authority in the Southeast to implement "Step-Up", an employment, training and education program for public housing residents. This initiative was developed pursuant to USHUD regulations issued in 1992.

The major feature of this initiative is the ability to pay training wages to low income persons working on construction projects financed by federal funds requiring prevailing wages. In public housing these funds are directed to the modernization of existing dwelling units.

The Step-Up Initiative incorporates a State registered apprenticeship program as the focal point of a strategy to increase self-sufficiency opportunities for public housing and other low income persons by providing skilled job training, employment and education.

The initial focus of the recruitment for the Step-Up Initiative was public housing youths who were out of school, had no felony convictions, and were not under the control of the criminal justice system. The statement to be made in the low income neighborhoods was that one could have opportunity and options without having to first commit a crime and be arrested, adjudicated, and incarcerated.

Young people who complete the curriculum of job training, employment and education will significantly increase their options to be economically self-sufficient. The USHUD legislative package will support this initiative by not counting the income from these young persons in rent calculations for public housing.

The importance of not looking at welfare reform as an "either or" proposition can be illustrated by the following story. During the recruitment of young people for Step-Up, I was approached by three women who are heads of household in a public housing development. They asked me how they could enroll in the apprenticeship program. When I told them Step-Up paid a training wage they said they could not participate since the State would terminate all of their welfare/subsistence payments.

Unless there is a change in how the welfare system operates, these women will be in the cycle of poverty and welfare dependency for the rest of their lives. This also means their children will be raised in a household without exposure to the ethic of work.

Conclusion: As a result of the fact that many women who are heads of household in public housing want to receive the benefits of employment, skill training, and education, the Fort Lauderdale Housing Authority is petitioning the State of Florida to designate the Step-Up Initiative as a welfare reform demonstration site.

The designation of the Step-Up Initiative as a welfare reform demonstration site would enable the Housing Authority, and the women who receive welfare, to negotiate a "floor" of benefits to support the transition from total welfare dependency to the world of work.

Currently these women would lose all welfare benefits as soon as a training wage is received. The benefits lost would include food stamps and medical insurance. The effect of this "all or nothing" and "either or" policy is to structure a system that perpetuates welfare dependency.

The benefits "floor" would be designed to supplement the employment wage received in Step-Up. The objective would be to insure that the standard of living for the participants would be equal to or greater after working than before. This strategy would mean the Step-Up apprentices would not be penalized for going to work. The result would be to eliminate the disincentives and provide the support necessary to make working more productive than remaining on welfare.

The key to making the transition from welfare to work is having a "floor" of benefits to enable a person to receive the minimum wage and still have a quality of life equal to or better than that supported by depending totally on welfare payments.

A case in point will illustrate the importance of a "floor" of welfare benefits. In June of 1994, the Fort Lauderdale Housing Authority became the first Housing Authority in the Southeast to implement "Step-Up", an employment, training and education program for public housing residents. This initiative was developed pursuant to USHUD regulations issued in 1992.

The major feature of this initiative is the ability to pay training wages to low income persons working on construction projects financed by federal funds requiring prevailing wages. In public housing these funds are directed to the modernization of existing dwelling units.

The Step-Up Initiative incorporates a State registered apprenticeship program as the focal point of a strategy to increase self-sufficiency opportunities for public housing and other low income persons by providing skilled job training, employment and education.

The initial focus of the recruitment for the Step-Up Initiative was public housing youths who were out of school, had no felony convictions, and were not under the control of the criminal justice system. The statement to be made in the low income neighborhoods was that one could have opportunity and options without having to first commit a crime and be arrested, adjudicated, and incarcerated.

Young people who complete the curriculum of job training, employment and education will significantly increase their options to be economically self-sufficient. The USHUD legislative package will support this initiative by not counting the income from these young persons in rent calculations for public housing.

The importance of not looking at welfare reform as an "either or" proposition can be illustrated by the following story. During the recruitment of young people for Step-Up, I was approached by three women who are heads of household in a public housing development. They asked me how they could enroll in the apprenticeship program. When I told them Step-Up paid a training wage they said they could not participate since the State would terminate all of their welfare/subsistence payments.

Unless there is a change in how the welfare system operates, these women will be in the cycle of poverty and welfare dependency for the rest of their lives. This also means their children will be raised in a household without exposure to the ethic of work.

Conclusion: As a result of the fact that many women who are heads of household in public housing want to receive the benefits of employment, skill training, and education, the Fort Lauderdale Housing Authority is petitioning the State of Florida to designate the Step-Up Initiative as a welfare reform demonstration site.

The designation of the Step-Up Initiative as a welfare reform demonstration site would enable the Housing Authority, and the women who receive welfare, to negotiate a "floor" of benefits to support the transition from total welfare dependency to the world of work.

Currently these women would lose all welfare benefits as soon as a training wage is received. The benefits lost would include food stamps and medical insurance. The effect of this "all or nothing" and "either or" policy is to structure a system that perpetuates welfare dependency.

The benefits "floor" would be designed to supplement the employment wage received in Step-Up. The objective would be to insure that the standard of living for the participants would be equal to or greater after working than before. This strategy would mean the Step-Up apprentices would not be penalized for going to work. The result would be to eliminate the disincentives and provide the support necessary to make working more productive than remaining on welfare.

Reform of the welfare system would include the opportunity for recipients to negotiate a "floor" of benefits to support the transition from total dependency to work. Indeed, over time, some recipients would move into higher paying jobs and not need the "floor" of support. Other families may remain in the minimum wage job market and require additional assistance. Either option saves money for the taxpayer, reduces the need for welfare payments, and supports the development of a work ethic in families where the cycle of poverty is the norm.

(3) Eliminate the payment of welfare benefits including housing subsidies to **illegal** aliens. The key word in this recommendation is **illegal**. Legal aliens should continue to receive the benefits for which they are currently eligible. **Illegal** residents should be denied these benefits.

There is no rationale to provide welfare benefits to persons who have **no legal basis** to be in the U.S. The funds directed to illegal aliens should be redirected to legal aliens and other residents who do not receive adequate assistance due to insufficient funding.

(4) Use Federal and State grand juries to address the issue of institutional accountability for public service delivery systems responsible for the quality of life for low income people. These public service delivery systems include the public schools, public safety departments, public health organizations, and building departments responsible for codes and housing conditions.

The Federal and State grand jury systems have the legal authority to issue presentments evaluating how elected and appointed public officials are meeting their public obligations. Since these presentments are public, and published in the media, there can be significant public pressure for public institutions to perform at levels that provide quality services for the citizenry.

(5) Another essential component of the welfare reform process would be to generate additional funds. The time has come to reconsider the entitlements provided to taxpayers who are not low income.

For example, homeowners receive an income tax deduction for the mortgage interest paid for home loans. In addition, in the State of Florida (which does not have a personal income tax) homeowners receive a "homestead exemption" which is a deduction of $25,000 from the assessed value of the property.

The result of these entitlements, or some would say this "welfare" for those who are not low income, is to reduce funds and resources needed to operate government at a level which can provide adequately for those in need. As a result other revenue generating methods such as sales taxes, which disproportionately affect those of lesser means, are used.

Eliminating these entitlements for mortgage interest and homestead deductions and converting them to a means test would generate additional funds which could be used to promote economic self-sufficiency and reduced welfare dependency. Over time, this approach has the potential of having a positive net-effect on the taxpayer, reducing tax burdens by putting more people to work who pay taxes rather than become welfare recipients.

Thank you for the opportunity to share these observations and recommendations for the reform of the current welfare system.

Sincerely,

William H. Lindsey, Ph.D.

William H. Lindsey, Ph.D.
Executive Director

WRITTEN STATEMENT OF ROGER F. GAY

Project for the Improvement of Child Support Litigation Technology

SUBMITTED FOR THE RECORD TO
THE SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES

ON THE SUBJECT OF THE WELFARE REFORM
AND PARENTAL RESPONSIBILITY

IN CONJUNCTION WITH HEARINGS OF THE SUBCOMMITTEE
HELD JULY 26-29, 1994

Alla barn har rätt att få en god start i livet.
Every child has a right to get a good start in life.
(Swedish Convention on Children's Rights)

Nowhere outside of government circles does "Parental Responsibility" mean that parents should be punished if they are unable to provide. Nowhere else does it seem to imply government control and manipulation of parental resources. Quite the contrary. It means that parents make their own decisions and act upon them. Several European countries are still supportive of that freedom. Many people still regard it as a right. But it is clear that Parental Responsibility is under attack. Even if you have hidden under a rock and are not aware of the unrestrained government power that has been brought to bear on families, you can see the evidence in the armies that have formed to attempt to protect the home ground.

pa•ren•tal adj. **1.** of or pertaining to a parent **2.** proper to or characteristic of a parent: *parental feelings.* **3.** having the relation of a parent. **4.** *Genetics.* pertaining to the sequence of generations preceding the final generation, each generation being designated by a P followed by a subscript number indicating its place in the sequence.

re•spon•si•bil•i•ty n., pl. **-ties.** **1.** the state or fact of being responsible. **2.** an instance of being responsible: *The responsibility for this mess is yours!* **3.** a particular burden of obligation upon one who is responsible: *the responsibilities of authority.* **4.** a person or thing for which one is responsible: *A child is a responsibility to its parents.* **5.** reliability or dependability, esp. in meeting debts or payments. **6. on one's own responsibility,** on one's own initiative or authority: *He changed the order on his own responsibility.*

re•spon•si•ble adj. **1.** answerable or accountable, as for something within one's power, control, or management (often fol. by *to* or *for*): *He is responsible to the president for his decisions.* **2.** involving accountability or responsibility: *a responsible position.* **3.** chargeable with being the author, cause, or occasion of something (usually fol. by *for*): *Termites were responsible for the damage.* **4.** having a capacity for moral decisions and therefore accountable; capable of rational thought or action: *The defendant is not responsible for his actions.* **5.** able to discharge obligations or pay debts. **6.** reliable or dependable, as in meeting debts, conducting business dealings, etc. **7.** (of a government, member of a government, government agency, or the like) answerable to or serving at the discretion of an elected legislature or the electorate.

(The Random House Dictionary of the English Language, Second Edition Unabridged)

Parental Responsibility: What is it?

Both parent have an equal duty to support their children.
(Oregon Revised Statute 109.010; 109.030, 1988).

For five years, I have been involved in a project that I have called the *Project for the Improvement of Child Support Litigation Technology.* That is a title with a purpose. The word "Improvement" is certainly key to understanding the project. But the use of the word "Technology" is also important. During these years I have tried to help people understand what technology is, and to help them understand why it is important to recognize that the formulae and numbers used to determine a child support award is technology. In a nutshell, developing child support guidelines that meet the requirements of the Family Support Act is dependent upon a scientific understanding of the child support question and a great deal of sophistication in engineering.

Although there were a few pioneering efforts presented in the 1980s, notably by Maurice Franks in Colorado, Judith Cassetty in Texas, and Judge Melson in Delaware, those efforts were mostly ignored in favor of formulae that anyone could develop, and that would be applied without comprehension. It is no secret that they were designed in favor of the goal of increasing the amount of child support awarded. Producing awards in each case that are just and appropriate was not a concern in the design of the current generation of child support guidelines. Nonetheless, following one requirement in the Family Support Act, judges throughout the country must presume that the amount calculated by use of their state's formula is the correct amount to be awarded.

The mandate for presumptive use of child support guidelines dramatically changed the engineering requirements for their design. Two of the problems with implementation of the Family Support Act are that the mandate was put into effect before development of the science and technology needed to meet its legal requirements and no effort was made to develop the science and technology that is needed. The process has been purely political and has proven inadequate.

The Family Support Act caused a significant shift in decision-making authority from judges to child support technology. Because adequate technology has not been available, the net effect has been a shift from case-by-case decisions in a court of law to *en masse* decisions made by state legislators using the extremely crude methods that have been available. The central focus of the *Project for the Improvement of Child Support Litigation Technology* has been to develop the science and technology of child support decision making to a point that it is sophisticated enough to properly handle the decision-making role. One thing that is perfectly clear, is that producing awards that are just and appropriate in each case will require fundamental changes in the design of child support guidelines.

Foremost in my mind has been the removal from state law of rational principles upon which a child support decision in made. Robert Braid explained the problem in *The Making of a Deadbeat Dad* (Trail Lawyer, March 1993). Robert Braid is a professor of Accounting, Economics, and Finance in New Jersey who decided to work out for himself what a just and appropriate child support award would be in his own case. Although New Jersey is a state that has made many valiant efforts to improve the law and practice of domestic relations, parents there suffer from the same problem found in other states. They have no legal definition for "child support". They have only a mathematical formula that lacks a rational basis for analyzing a particular case. This problem stems from the poor design of child support guidelines. States cannot find a set of rational principles that correspond to their formulae.

There is no way for a parent to challenge a child support calculation without knowing what child support is. There is no way for states to determine whether their guidelines produce awards that are just and appropriate without knowing what child support is. There is no way for child support awards to be anything but arbitrary without a definition for child support. The right of rebuttal and evaluation of guidelines are requirements of the Family Support Act. Without a clear definition of the fundamental principles upon which a child support award is based, that is not dependent upon the guidelines themselves for interpretation, it is obvious that states are not in compliance.

I have sent a proposal to this subcommittee to strengthen the requirements of the Family Support Act by requiring each state to provide a legal definition for child support. Because it is so obvious that states are not in compliance without a legal definition, it was initially my opinion that a change in regulations would more easily solve this problem. The perceived problem with that approach seems to be that requiring states to provide a definition would conflict with their freedom to establish their own criteria for rebuttal. I personally do not see a conflict as long as states are allowed to write their own definitions. Nonetheless, I do not expect changes in the regulations without an explicit requirement in the law.

Finding a Better Way

I have sent a copy of a draft of the most recent report from the project to this subcommittee. That report is entitled; *New Equations for Calculating Child Support and Spousal Maintenance With Discussion on Child Support Guidelines*. The report presents current results from five years of work focused on the problem of designing child support guidelines that are easy to understand and flexible enough to provide just and appropriate awards in every case. The Office of Child Support Enforcement and Assistant Secretary in HHS, David Ellwood have also received copies.

There is a common link between the new equations for child support and those presented by Franks, Cassetty, and Melson mentioned above. All four are based on established legal principles for the award of child support. Rather than saying that the use of such a formula would promote uniformity in child support orders, it would be more accurate to say that it would promote uniform application of law. The new equations are designed to adapt to variations in circumstances by use of a small number of mathematical techniques. Therefore, without great complexity, calculations can be adjusted to produce a just and appropriate award in each case. The new fundamental equation for child support has the unique feature of including a precisely calculated standard of living increase allowable in a child support award.

Analysis included in the report shows that there are natural limits to the effectiveness of child support transfer payments for improving the economic well-being of children. In other words, private child support is ineffective when dramatic increases in children's standard of living is required. This natural limit occurs in relation to the standard of living of the custodial parent. When this limit is reached there is a sudden, sharp decline in the percentage of any additional money transferred to the custodial parent that would actually be spent on children. This is the cross-over point between child support and spousal maintenance. It is the point at which suddenly, any additional payment would be primarily for the enrichment of the custodial parent.

Awards calculated by current guidelines include a hidden margin of spousal maintenance. The new equations provide the newest method that can be used to estimate the total amount of spousal maintenance included in child support awards nationally. The first was simply to compare new award levels with those made by judges before guidelines became presumptively correct. The second, an extremely detailed method, was presented by Robert Braid in *The Making of a Deadbeat Dad*, mentioned above. Approximately 50 percent of the current total amount of court ordered child support is actually spousal maintenance. It is reasonable to believe that the award of spousal maintenance is inappropriate in a very large number of cases in which it is now included.

Understanding that the custodial parent's standard of living is the limiting factor, it may be appropriate in some cases to award spousal maintenance to increase the standard of living of the custodial household. The paper presents companion equations for the calculation of spousal maintenance in balanced proportion to the child support award, to bring the entire household to an appropriate standard of living. I believe this is the first time an integrated mathematical model for child support and spousal maintenance has been presented. It is illegal to include spousal maintenance in a child support award. With the new equations, the distinction between the two is clearly made so that spousal maintenance can be awarded separately when it is appropriate.

There is also a section entitled "Poverty and Welfare" in which I discuss child support assurance. The limiting factor for child support recipients who are potentially eligible for government assistance is the assurance of money available for spending on children. In other cases, the custodial parent's total income, perhaps supplemented by a spousal maintenance award, limits the amount of spending on children by the custodial parent. One can see a potential problem in low income custodial homes. If a custodial parent has no income, does that force the child support award to zero as well? The answer is no. It is perfectly consistent with the theory presented in the paper, for a non-custodial parent to pay as much as possible toward supporting any standard of living the government assures for the children involved. If spousal maintenance is also awarded, it is consistent with the theory for the non-custodial parent to cover the cost of maintaining the entire household if he has the ability to do so.

The Swedish Model

Irwin Garfinkel's 1982 paper, *Sweden's Child Support System*, presented a strategy for expanding the welfare system and increasing employment for social workers. He explicitly mentioned the unfavorable environment for such expansion during the Reagan years. He recommended playing on the conservative buzz phrase "personal responsibility", and presented a partial view of the Swedish system as an alternative model. His essay provided the basic blueprint for the nation's welfare reform plan of the 1980s and those discussed in these hearings.

Garfinkel's impression that the Swedes had a much better child support compliance rate than the United States was incorrect. Our best estimates of child support compliance in the United States, without our new expensive collection system, were between 70-90 percent. It is much higher in a population of fully employed payers. Now that we have expensive computer systems to keep track of every child support case, more accurate estimates are available. Robert Melia appeared before this subcommittee in June of last year and reported a compliance rate in Massachusetts of 80 percent. Taking account of all the information available in the past, Mr. Melia's estimate is probably accurate. Given the unemployment rate, it is not at all surprising that the number is only 80 percent, and not 90 or higher. Garfinkel reported that the compliance rate in Sweden was approximately 75 percent.

I believe the real Swedish model is in many ways a good one. More than 80 percent of all separated parents in Sweden have joint custody of their children. When married parents are separating, joint custody is automatic. When parents have joint custody, the courts are not allowed to become involved in the details of family management, such as the creation of child support orders and enforcement. Of the remaining 20 percent, the government becomes involved only to the extent requested by the parents.

The Swedes do not have a special computerized registry for parents who pay and receive child support. They do not have a large child support police force. All Swedish residents are included in a national registry which they use for a great variety of purposes. I doubt that anyone in Sweden would be foolish enough to suggest that development of such a system only for collection of child support could ever be cost effective. It is important to note that when child support is collected through their government program, the same mechanisms are put into use that would be applied to other citizens in other circumstances. It is a basic principle of fairness that everyone in their society is treated in the same way.

Their child support formula and collection apparatus are applied only in a very small percentage of cases. I want to stress that they have not created a huge separate bureaucracy for doing this. When they are aggressive in the act of collection, the outcome is most often a negotiated settlement in which the current circumstances of the paying parent are taken into account. They do not as we do in the United States, force compliance with arbitrary orders, and they do not act without accounting for the change in circumstances that led to an inability to pay. I have gotten to know some Swedish government workers very well. It is apparent to me that they are very hard working and very concerned about helping people who need it.

It is no surprise to me that the Swedish system relies more heavily on personal responsibility than does the U.S. system. The Swedes that I know have a great sense of personal responsibility. I believe that sense of personal responsibility would still exist in the United States if it were respected. Certainly, we can't expect pride in the idea of being personally responsible to survive when it is bent to mean capitulation to government control over one's personal life. What may be surprising to many Americans is that the social welfare system in Sweden has a great deal to teach us about good conservative government. It should not be so surprising when you consider the tremendous amount of social services they deliver. They view health care, for example, as a right. This makes it necessary to invent a good, efficient, health care delivery system. If they operated the way we do, they would quickly go bankrupt.

Continuing Problems in Political Debate

What should be at the top of the list of complaints for anyone who really wants to see things done properly, is that the public is being badly misinformed about the proposals for welfare reform. People have been promised that these reforms will save money. States would not on their own have taken the same path the federal government has. They understand that spending billions of dollars in an effort to collect child support from people who can't afford to pay doesn't make any sense. They are supportive of the federal reforms because of the federal tax dollars that are paid to them for their participation. It is a lie to tell the public that there is enough money available in the collection of unpaid child support to justify present expenditure on the program, let alone the incredible increases that are proposed. It's just a pork barrel.

It is extremely popular today, for state and national politicians to claim that they propose to cut-off welfare benefits after some fixed period of time. What could be a more blatant lie? Every proposal with a press release claiming to cut benefits is actually designed to increase benefits and to drop means testing. Not only would benefits continue, but they would be higher, and would be given to millions of people who are financially comfortable in their own right.

It is pathetic to propose collection of child support through the IRS, reporting of child support obligations to employers, universal wage withholding, revoking occupational, professional, and business licenses, and most certainly to establish forced work programs for fathers who fall behind in their payments. The program you have created, and the proposals in front of you, are only as deep and sophisticated as a press release. Millions of people are being cheated, and may be devastated, because you have not paid serious attention to creating a system that works properly. As an example, we can be sure that people who have spent a lifetime building a business or profession will fall on bad times and get behind in their child support payments. As a result, they may lose their license to operate, and therefore lose their means of support. Is it possible that you are so lacking in conscience that you would not only cause that to happen, but are willing to create the possibility of forcing those people into low wage government labor? I guess the new question is; How many suicides does it take to satisfy the average politicians desire for a sound bite?

In his speech, the President claimed that he based his dedication to expanding the child support enforcement program on a paper written by Elaine Sorensen of the Urban Institute. According to Ms Sorensen, only 14 billion dollars in child support is paid annually out of 48 billion dollars that should be. This claim is not supported by hard data. It assumes that child support awards will be significantly increased from their already arbitrarily high level. And it completely misrepresents the record of payment by non-custodial parents who can afford to pay.

It would be of great service to the country if the news industry would make a serious effort to report accurately on the subject of child support and welfare reform. Throughout the 1980s and into the 1990s, every major news outlet inundated the public with anti-father propaganda. The news industry has been key in creating and maintaining the false impressions that allow the corruption of our system to flourish. They have been challenged. The only result I have seen is that they report less often. The smoke and mirrors proposal of presidential candidate, Gov. Tommy Thompson has

received strong promotion, especially from fellow Republican Pat Robertson. President Clinton's welfare reform speech slipped by without commentary on his dishonesty. It is extremely disturbing that our free press, existing as one of the basic foundations of life in the United States, has simply acted as part of the government propaganda machine.

Obviously, the political steam has run out. The public is beginning to wonder why, after a lengthy trial period, the child support scheme has not produced promised results. Now there are people who want to start the whole cycle over again by replacing the false impressions given by Irwin Garfinkel and minority staff member Ronald Haskins with misinformation even more condemning to non-custodial parents. Its time we put these snake oil salesman out of the business of making public policy.

For the same reason, it is a waste of our time and resources to create a national commission on child support guidelines. We all know how commissions operate. We have been through child support guideline commissions in every state and we have seen what the *Commission on Interstate Child Support* did. These commissions are created for the purpose of making the recommendations that the politicians who created them want. They do not have the capacity or the will to analyze objectively or to create the science and technology that is needed. If you wanted intelligent and useful reform of child support and welfare you would have been providing financial support for serious research. Working through the established mechanism of the American National Standards Institute is probably the best alternative for creation of standard child support technology.

And the Answer Is ...

Being able to support a family financially, is for many, one of the most basic practical goals in life. But it is not in any sense equal to parenting. Responsible parents love and care for their children. They spend time with them. They assist in their education. They teach them about life. They empathize with them when life seems unfair. They teach by example such life skills as courage, responsibility, honesty, and the ability to solve problems. The only aspect of current proposals dealing directly with the subject of parental responsibility is the provision to provide grants to further the goal of bringing fathers together with their children. The best parent is both parents. Growing up in a society filled with condemnation of one or both parents is an attack on the identity and self-esteem of children.

The United States has a long tradition of awarding more child support than most other countries in the world, and one of the highest compliance rates for payment of court ordered child support. It is my impression that fathers in the United States have been unsurpassed in their generosity of time and financial resources when it comes to their children. The United States government needs to refocus its energies toward honest analysis and debate on the subject of child support and welfare. If a system that works properly is ever to emerge, we need first to develop the scientific understanding and technology necessary to accomplish that goal.

We certainly have no need to force millions of parents into the welfare system that do not need or want to be there. Citizen armies have formed in an attempt to protect the family against a government intent on destroying it. In order to save the family and the personal integrity of those who belong in it, this welfare reform movement must incite the greatest battles of the war.

Related Testimony:

Oversight Hearing on Child Support Enforcement, June 10, 1993

Changes in the Poverty Rate and Distribution of Income, September 10, 1992.

Downey / Hyde child support enforcement and assurance proposal, July 17, 1992.

Contributor to: *Minority Report of the U.S. Commission on Interstate Child Support*, Don Chavez, Commissioner; Phil Holman, ed.; June, 1992.

WRITTEN STATEMENT OF ROGER F. GAY

Project for the Improvement of Child Support Litigation Technology

SUBMITTED FOR THE RECORD TO
THE SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES

ON THE SUBJECT OF TRANSITIONAL ASSISTANCE,
WORK, THE ROLE OF STATES IN WELFARE REFORM,
AND FINANCING ISSUES

IN CONJUNCTION WITH HEARINGS OF THE SUBCOMMITTEE
HELD AUGUST 9, 1994

This is the fifth time that I have submitted testimony to this subcommittee. In my previous testimony it is possible to detect a note of anger from time to time. My anger is mostly a reaction to the dishonesty that has been the basis of child support and welfare reform for more than a decade. Trying hard for five years, I have found a small number of opportunities to temporarily shed my role as critic, to complement a few Congressmen for attempting to break through the wall of misinformation to extract a set of honest facts with which to build the next generation of reforms.

I believe the topics of this hearing, transitional assistance, work, the role of states in welfare reform, and financing issues, carry the greatest potential for reducing poverty, and for improving the standard of living of a very large portion of the population of the United States. I would like to begin by thanking Chairman Ford for his statement, printed in the press release. Mr. Ford points out that the primary causes for the growth in welfare assistance to the poor, are poverty and the lack of jobs. Although I certainly still have some alternative ideas to offer, that statement gives me a sense that I can begin to focus on the constructive process of sharing ideas, instead of wasting so much energy fighting misinformation.

Pointing this out is not from trivial consideration. It can be said with absolute confidence, that systems designed on misinformation do not work the way they are supposed to. We couldn't have a modern society based on misinformation. Our airplanes wouldn't fly. Our televisions wouldn't work. Our homes would not be heated in the winter or cooled in the summer. No one would have walked on the moon. If we had cars at all they usually wouldn't start and if they did they would continually crash into one another. Food would be scarce and not available to many. The list could go on and on. A government managed social system based on misinformation is a tragedy promoting chaos. There is a great deal at stake in getting the facts right.

This hearing is being held to discuss the design requirements for a very important system. The decisions you make on these welfare reform issues will touch the lives of every resident of the United States and will have a dramatic influence the course of the world community. The question comes down to this. Will we promote human welfare and human rights or won't we? Answering this question, of course, has serious consequences. But it can also simplify the task of proceeding toward designing the best systems for supporting our goals. If the answer is yes, then we must get on with the task of developing the best systems for promoting human welfare and human rights. If the answer is no, then many, many Americans, in opposition to that view, will demand a direct and honest explanation for why we are not.

Everybody wins when we do the job right. My core activities are not political. But it strikes me as obvious that a large spectrum of political views should be satisfied by this philosophy. On one hand, it should be satisfying to develop government directed programs that actually have the positive effects they are supposed to have. On the other, it should be satisfying that money is spent in a direct and efficient way, without wasting funds on non-productive political spins.

Transitional Assistance

Education and training is fundamental to the public welfare. In the landmark decision in *Brown v. Board of Education of Topeka* (1954), the Supreme Court ruled that "Separate educational facilities are inherently unequal". Do we understand the meaning of the Court's interpretation of the equal protection clause of the Fourteenth Amendment forty years later?

The world has changed in forty years. Other countries are well ahead of the United States in creating and maintaining excellence in continuing education programs. Our commitment to education for welfare recipients should not be framed as a separate, unequal benefit, begrudgingly handed out to irresponsible people. There are some that need special assistance. There are naturally many young people who need help in developing the skills and discipline necessary to obtain a higher level of education and job skills. But without mainstream educational systems adapted to the needs people actually have, we can expect to violate the Fourteenth Amendment again and again. And, we can expect a portion of our population to lag behind. It is a simple, conscious decision, whether we will maintain a high level of poverty, or provide educational opportunities for people in all of life's circumstances.

Let me tell you the story of a friend of mine. He's a guy with a strong curiosity, a drive to discover new things, and to create ideas for improving the world. With those personal characteristics, he had a very strong craving to advance his education. He joined the Army during the Vietnam War in order to obtain educational benefits from the GI Bill. He was literally willing to risk his life for an education. He then worked some semesters, attended college sometimes, and finally managed to stay in college for six straight years. As an undergraduate, he was invited to join the national honor societies in engineering and in physics. He then went on to write a thesis that extended the application of engineering into a new realm while completing a Master of Science Degree in Engineering.

At the time he entered his Master's program, he got married at the ripe old age of 28. The year he was finishing his Master's program, his wife became pregnant. In order to pay the medical bills which amounted to well over $10,000, and to support the new addition to his family, he left school before moving on to work on the Ph.D. that he wanted, hoping that he could somehow manage to return later on. He never did.

The work that my friend does for a living could be done by someone with a bachelors degree or less. Looking at his situation purely as an issue of economics, he could have achieved the same level of professional recognition with at least three years less education. But he was willing to go on -- driven to do so in fact. At the age of 42, he still thinks about returning to obtain a Ph.D., so that he might spend 20 years or so doing advanced research and possibly teaching at a university. What went wrong?

Given the difficulties my friend faced in his personal life after leaving school, I am sure that his friends and family would have thought him to be somewhat of a hero had he managed to complete his Ph.D. Not long ago, President Clinton introduced one of his welfare reform advisory groups to the nation. Its members were composed of women who had been receiving public assistance. The young lady who had managed to complete a bachelors degree deserved recognition for her heroism, and she got it. Don't these examples beg the question: What is wrong with our education delivery system that requires people to go to heroic extremes to get an education?

Education is a challenge. To me, that means that one must work at learning and doing things they have never done before. People must extend themselves beyond their present skills and knowledge. What we don't need are arbitrary barriers that exist because our education system is not designed to deliver services to people in a wide variety of circumstances. It is a burden to our society that we are so rigid in our approach to delivering education, that even small changes in the level of responsibility a person has in his or her personal life creates a wall so high that it takes heroic efforts to get over it. That wall doesn't need to be there. The fact that many people, from all walks of life and financial circumstances can't find a way to get over it, is evidence enough that it shouldn't be there.

The challenge of education should not be a choice between working to support one's family and getting an education. The challenge of education should not be that it takes an heroic effort to attend classes. The challenge of education should not stem from maintaining the model of the one room school house, many miles from where students live, that cannot meet when the crops need tending. We are no longer bounded by lack of books and other learning materials, lack of teachers, or lack of alternative technology for delivering education. Yet, my friend remains convinced that a mail-order Ph.D. would not be a great benefit to him, and Congress is now wrestling with a proposal to frame the education of welfare recipients as a special, short-term, transitional activity.

I am not opposed to support for welfare recipients, for a reasonable length of time, that will allow them to work full-time on an education. What is disturbing, are the extreme limitations that people face when their life circumstances create an inconvenience. We know that people need education in order to succeed in legal activities in the modern world. We also know that it doesn't do any good to create many times the number of nursing assistants and air-conditioning servicemen that are needed. We need a system that supports rather than hinders, the will of any individual to go as far in education as they desire to go. There are some simple and some not so simple alternatives that would reduce the barrier to education associated with adult responsibilities. The examples that follow are changes that could be applied with any combination of full or part-time work and study program.

(1) Recognition should be given to the level of education that has been completed by a student, allowing them to advance in their careers before completion of the traditional two or four year degree. Educational systems in other countries do provide recognition and certification at intermediate levels. An example: After completing one year of a computer science curriculum, a worker may be moved from packing boxes in a warehouse to a job testing computers before they are shipped. After two years, a worker might become an assistant to a computer systems manager. After three years, the worker might become involved in programming. Upon completion of a bachelors degree, this worker would not just be a graduate, but would have a great deal of experience. That experience within the field being studied, would make what is being studied much easier to understand, and would therefore improve academic performance. There is competition in such a system and obvious motivational payoffs. Doing well in school can mean advancement and higher pay long before completion of a four-year degree.

(2) Purchasing a television set and a VCR is much less expensive than quitting one's job to attend classes. Many people already have these tools. Currently, there is only a very narrow range of lectures available via television. Television is a medium for delivering education services that is not being utilized as fully as it should. Providing lectures via television, taped on a VCR, would allow students to control their own schedule. Television would eliminate travel time and the need for child care services while a parent is away at school. Many parents may be able to set their children down in the same room to work on something of their own while the parent watches a few episodes of economics or calculus.

(3) Requirements for direct interaction with on-campus faculty and staff should be minimized, but access to people and information should be expanded. For many non-traditional students, a weekly visit to campus should be a maximum requirement. Student teachers and advisors should be accessible by telephone.

(4) It is absolutely possible today, to design a computer system for students that would sell at retail for about $500 that would provide a wide range of valuable services. Those would include access on the existing information highway to course information, student counselors, on-campus tutors, teaching assistants, and professors. The student would also be able to complete written assignments using a word processor, perform computations, and work on other technical assignments. Toll-free Internet access could provide regular contact with students living almost anywhere on the earth, and even in space. An astronaut participating in the first manned mission to mars could take a few graduate courses on the way. The use of computers as a fundamental tool in education is no longer a star-wars idea.

(5) Courses can be self-paced. In some cases, there is a practical value to pushing a student along. But there are many situations in which students can be expected to be self-disciplined enough to complete the work necessary to finish a course. It isn't practical to force a student to retake a course from the beginning because the kids got sick or the boss required overtime during a semester.

It doesn't seem possible to extend off-campus study to every course in every subject. There are portions of education in law, medicine, and science for example, that would be difficult to impossible to duplicate via television. On the other hand, it should not be thought impossible to go a very long way in any subject through off-campus programs. With so many other countries already far ahead, some having hundreds of years of experience in some form of independent study program, it should be regarded as a very high priority to break down our current educational boundaries.

If I could redesign the education system, I would place learning how to learn at the very top of the list of educational goals. In order to produce the most productive, satisfied citizens in a modem society, it is necessary for teachers to consider it their most important goal to make themselves less necessary as students mature. The process of building the skills necessary to study and learn whatever a person desires or needs, whenever they desire or need, in whatever circumstances they find themselves should begin in early grade school.

Time Limitation

Apparently, the President's proposal for limiting the time of income-assistance refers to some aspect of the JOBS program. If it came to full fruition, the President's plan does not place a time limit on income assistance. Some confusion exists because a small portion of benefits would be shifted from AFDC to the child support assurance program. The common understanding is that the child support assurance program will also provide support for mothers with much higher incomes than those who are currently eligible for AFDC. If fully implemented, a single mother could remain on a combined income from AFDC and child support assurance without ever going to school or work.

It should be well understood that current federal policy is designed to keep millions of people out of work due to the fear of inflation. The primary component of this potential inflation is the possibility of increasing wages. As long as jobs are scarce, workers are in a weak negotiating position. With a high level of unemployment, the desire for a higher standard of living is replaced by the desire to keep one's job. For many, it is replaced by the desire to have a job. Keep in mind that the federal government intends to keep millions of people out of real, paying jobs.

At the same time, the job market is changing. There are fewer low-skilled jobs available that pay enough to support a family. In the future, we expect even fewer. This is certainly a time in history when this country needs to make some major adjustments. What makes more sense than opening up the education system? People voluntarily or involuntarily participating in the nation's economic policy through unemployment or by working part-time instead of full-time shouldn't be rushed through substandard educational programs or manipulated into a quick, cheap, convenient course of study that ends without a job prospect. That doesn't make any sense at all.

We should provide additional encouragement for people, whether they receive public assistance or not, to pursue additional education in some proportion to the unemployment rate. It is better to have people improving their education than to require millions of people simply to remain idle -- and then complain about them.

The President's plan seems as though it might be reasonable in some respects for some people. Before committing to any compliment, it is necessary to know whether he intends to live up to his public image. The President's education and training proposal is aimed at AFDC recipients, the bulk of whom are single mothers. The great subject of welfare reform for more than a decade has been reform of the child support system which serves single fathers with the ultimatum to pay up or lose everything -- even their freedom. Will poor single mothers be picking their children up from

government supported day-care after classes while poor single fathers sit in jail or work at menial jobs to provide some support for the mother? Will having a child out-of-wedlock become an even more valuable ticket out of poverty? The better choice is to provide equal access and opportunity to everyone, whether they are male or female, custodial or non-custodial parents, rich or poor.

A similar problem to the one I see with the President's proposal plagues the private child support system. The President has taken personal credit for inventing the current system. Situations in which a father lives in a mansion and a mother and children live in a hovel are few and far between. Children that are forced into poverty simply because a father is stingy and refuses to support his children represent an extremely small fraction of children in poverty. Yet, this stereotype is the basis for a system in which all separated parents are forced to participate. This creates a great waste of resources and does more harm than good.

It would be unrealistic to imagine that everyone in our society is well prepared to advance themselves through independent study. There are those for whom a managed progression of self-improvement, with time limited goals is probably essential for progress. But I don't agree with the President that the distinction falls along gender lines. The difference between those who are mature, disciplined, and responsible, and those who need more growth, is not one that lends itself to any such prejudice. It is not appropriate to threat this as a gender issue. This is also not a difference of race. It is not a difference in the income level of parents. The United States has a history of correlation between waste of human potential and classifications of these sorts. Wouldn't it be fantastic to end the era in which arbitrary definitions for the boundaries between good and evil are the basis for national policy.

The President's plan seems designed, for example, for someone who performed poorly in high school, who has dropped out, and has had a problem with crime or drugs. It doesn't make sense to put into the same course, someone who had a high grade point average in high school and now has to support a child (regardless of gender) or other relative. Although equal treatment at all times for everyone is not the best approach, everyone should have the opportunity to advance in accordance with their development. In other words, even the irresponsible deadbeat that the President has focused on should have the opportunity to move through a progression toward a Ph.D. program obtained largely by self-study. There should not be a government imposed lower track that forces millions of people into a life of menial labor because of where they started or who they are.

The Role of States

The view that I have expressed is that everyone belongs in the mainstream of our educational systems. We have a need to change the system to meet the needs of the people that must be served. States and counties currently have the wealth of experience in providing civilian education.

What is needed is the development of programs that provide the flexibility needed by non-traditional students. Not only do we need solid academic programs that are easily accessible to everyone, but we need more education and training in a wide range of skilled trades. I would be in favor of a federal university system that reaches out to non-traditional students if state institutions refuse to catch up with the rest of the world. I would expect the same high educational standards from any system, whether federal or state, traditional or non-traditional.

The federal government has already established educational grant and loan programs. AFDC recipients would surely fall within the personal financial requirements to receive assistance. Some adjustments may be needed to adapt to the needs of off-campus programs. But, this part of the system should not be separate and unequal either. These existing programs could continue to provide at least part of a package for many of the potential students we are discussing.

Financing Reform

Analyzing the cost of proposed changes should include at least five parts. The first comes from understanding that it is fundamental to the survival of a modern society to educate its citizens. The President's proposal assigns a special status to one group of citizens, because of financial and personal circumstances. How many other groups can we identify to shift out of the mainstream of the education process? The answer is many. My answer is that it should be none. Providing education for people who need and desire it should be a subject for the regular education budget.

Independent off-campus study is less expensive than on-campus education. Many people will want to take advantage of off-campus education as soon as it is available. Those who would prefer or need the flexibility of off-campus education will come from all walks of life. I will not go so far as to say that this proposal would pay for itself, unless you are willing to account for all the variables. Is it valuable to educate? Yes. Is it necessary to educate in the modern competitive world? Yes. Will the United States fall farther and farther behind economically if it refuses to educate? Yes. Is lack of education a significant factor in welfare dependency? Yes. Is it a significant factor in the nation's crime, health, employment, and other social problems? Yes.

I submitted testimony to this subcommittee for its September 10, 1992 hearing on *Recent Changes in the Poverty Rate and Distribution of Income*. One of the four recommendations in that testimony was that the money saved from reductions in the budget for child support enforcement could be shifted into education and training programs. I want to resubmit that recommendation by saying that it should be. The child support enforcement system is well on its way to being automated. The relatively useless services that are being provided will require far fewer state and federal workers. I would certainly like the child support enforcement program reduced to something that makes sense. I believe this proposal should receive wide support. If you want to find part of that support, just ask one of the millions of former AFDC recipients who have graduated from college whether they would be willing to give back their education in order to pay 27,000 government workers to shuffle papers around.

Another source of funds is in the waste of jailing fathers who cannot pay their court ordered child support. There have been several successful efforts to remove fathers from open-ended jail stays because their incarceration amounted to an arbitrary show of political power, based purely on prejudice. It is of course, a violation of basic human rights to hold a person in jail because they are unable to pay a bill. Not only that, but tax-payers could be thankful if you would rescue the millions of dollars annually that are required to do it.

The President's proposal would not change the personal financial support provided under AFDC for two years, and is generous in personal assistance after that point. The important question of cost deals with the delivery of education. It is better to provide greater opportunity for education than to leave tens of millions of people idle. One way to reduce the cost of the President's plan is to introduce means-testing in the child support assurance component. I realize that this would mean that it would be very similar to AFDC. Given that AFDC already covers those who need assistance, it seems ridiculous to choose to supplement middle and upper income custodial parents if it is at the expense of education. Frankly, middle and upper income mothers don't have financial problems worthy of federal involvement.

Final Comment

The President's proposal seems to have a touch of *ante bellum* south in it. The master shows a touch of benevolence while keeping "those people in their place". The Supreme Court's ruling in *Brown v. Board of Education of Topeka* recognized the place of education in our modern society. Forty years later, we are no longer a nation living in the easy affluence that followed World War II. Global economic competition is now a reality. The United States must retool itself for competition in this decade and beyond. For more reasons than one, we need national leadership that can turn the vision of the *Brown* decision into a universal reality.

We have a very serious problem with our educational system. It is common knowledge that established institutions are hesitant to change. At present, getting an education is at least as much a matter of the time and money spent at an institution, as it is obtaining knowledge. While we have waited, competitive countries in the European Community have moved far ahead.

The President promised to "end welfare as we know it." His proposals would make the federal government bigger, expand the exercise of arbitrary and unconstitutional government power, and would deepen the entrenchment of the welfare culture. The world has changed. We are no longer an isolated country that can afford to distribute economic resources arbitrarily as we have in past decades. The only positive course for dealing with the twin issues of welfare and poverty is to invite those living in poverty to join the rest of us. If we do not, we set a course of blame for all the future economic failure this country will see. This is a turning point in history. The choices are either to embrace the future willingly, or to be so bewildered by the present that we sit by timidly and watch, as the rest of the world moves rapidly ahead.

One of the ways we will know whether we have moved forward or not is to see if the next generation of Americans still understand the term "non-traditional student".

Related Testimony:

Welfare Reform and Parental Responsibility, July 26-29, 1994.

Oversight Hearing on Child Support Enforcement, June 10, 1993.

Changes in the Poverty Rate and Distribution of Income, September 10, 1992.

Downey / Hyde child support enforcement and assurance proposal, July 17, 1992.

Contributor to: *Minority Report of the U.S. Commission on Interstate Child Support*, Don Chavez, Commissioner; Phil Holman, ed.; June, 1992.

WRITTEN STATEMENT OF ROGER F. GAY

SUBMITTED FOR THE RECORD TO
THE SUBCOMMITTEE ON HUMAN RESOURCES,
COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES

ON THE SUBJECT OF TIME LIMITING CASH ASSISTANCE
IN PRESIDENT CLINTON'S WELFARE REFORM PROPOSAL

IN CONJUNCTION WITH HEARINGS OF THE SUBCOMMITTEE
HELD AUGUST 16, 1994

There is NO TIME LIMIT in the President's proposal!

President Clinton's proposal includes a limit on a small portion of AFDC benefits. But he also proposes to test the Child Support Assurance (CSA) program that has been under consideration for more than a decade. It is rather obvious that CSA trials could be completed in less than two years. Therefore, mothers who would lose the adult portion of AFDC after two years would be eligible to receive money under CSA.

Looking at his complete package, instead of just one part of it, there is no time limit to benefits. A single mother would continue to be eligible to receive a full benefits package for an unlimited period of time without ever going to school or to work. CSA does more than shift the name under which benefits are distributed, it also attempts to further the shift in blame from the real problems of poverty and unemployment to fathers who are poor and unemployed.

The current child support enforcement system includes collections from poor fathers to offset AFDC payments. In actual effect, the AFDC program currently operates as a child support assurance program for women who are eligible for AFDC. The change expected in the new CSA program is that it will be extended to every women eligible for private child support. This means that if the father is unable to pay for any reason, the separated mother would receive a welfare check regardless of her income. This extension to AFDC is unnecessary and extremely unwise given the budget crisis we already have.

Blaming poverty on the poor became a popular philosophy during the recent Reagan-Bush recession. The practical effect has been to bring additional pain to those who already found it familiar. The biggest losers have been fathers (now popularly known as "deadbeats") who have received the mass of the assault of politicians rushing to show that they are tough on poverty and the poor. The design of the president's plan attempts to hide his intent to continue the Reagan legacy.

We have already tried this approach. It did not work. That is why the public wants real welfare reform now. And of course, unemployed people want good jobs.

Welfare Reform
Representative Henry B. Gonzalez
Before the House Ways and Means Subcommittee
On Human Resources
July 27, 1994

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to testify today on the subject of welfare reform. Statements made recently by a number of elected officials and other so-called experts on welfare have indicated that we need welfare reform and that welfare recipients' benefits should be cut off after a specific period of time. This has greatly angered me, because we cannot "reform welfare" without eradicating poverty, so the problem really is poverty not welfare.

I cosponsor Representative Patsy's Mink's "Job Start for America Act of 1994" which addresses the root cause, poverty, of the need for welfare. As I've told the President, welfare is not the problem, poverty is the problem. The government's priorities are mixed up if funding for prisons continues to receive priority over funding for education and job-training, and the President's welfare proposal as well as others that contain an arbitrary cut-off date for welfare benefits are sorely misguided. Children are the reason welfare programs were set up in the first place. We had starving and malnourished children, children living in third-world conditions, and children without health care before these programs were created. If poverty is addressed, I predict that welfare will take care of itself.

Proposals with automatic cut-off dates are based on unsubstantiated myths about welfare and welfare recipients, and are meant to punish those who receive public assistance rather than help them achieve self-sufficiency. Are all welfare recipients going to be cut off from benefits? Even if no jobs are available? Even if they are still minors? Even if they are still disabled? There are many classifications of welfare recipients, and the situation is complex. What about the wealthy who are dependent on government largesse - is their welfare going to be addressed as well?

In the region that includes my congressional district, most of the 114,000 recipients of Aid to Families with Dependent Children are female (63%) and most recipients are Hispanic (76%). Recipients include adults as well as children, and most of the families receiving benefits are headed by a single mother. Under the President's welfare reform proposal, about 10,000 women in addition to their children would be affected by the two-year limit on welfare. In the state of Texas, there were nearly 780,000 people on AFDC last year, a majority of whom are children. Texas ranks behind every state except Alabama and Mississippi when it comes to the size of its average welfare check - an average of $58 per person per month. Seventy percent of the mothers who are on AFDC in Texas are off in two years or less - whether they later go back on AFDC depends on whether they have marketable job skills.

What is needed are jobs, and Representative Mink's would guarantee federally-funded job training or education, job counseling, job search assistance, and child care to help place welfare recipients in jobs that pay livable wages. This is an approach that will not only help welfare recipients receive the education and training they want and need, but it will help reduce the number of people receiving welfare.

###

TESTIMONY OF RONALD K. HENRY, ATTORNEY-AT-LAW, BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES, COMMITTEE ON WAYS AND MEANS, UNITED STATES HOUSE OF REPRESENTATIVES, JULY 28, 1994

I. Introduction

As we move into a new round of child support enforcement reform, social science researchers continue to confirm what societal tradition and intuition have told us all along; children need the active physical and emotional involvement of two parents, a father and a mother. For every social problem that we experience -- teenage pregnancy, drug abuse, poor school performance, low self-esteem, depression, suicide, or any other item on our list of social ills -- research confirms that family breakdown and, particularly, father loss are primary causal factors. As acknowledged by groups of all political persuasions, from the conservative American Legislative Exchange Counsel to the liberal Progressive Policy Institute to the National Commission on Children, a political consensus has emerged to acknowledge the reality that public policy must begin to focus upon issues of family formation, family preservation, and demilitarization of the divorce process where parental separation cannot be avoided.

Unfortunately for children, public policy initiatives too often consist of band-aids and tonics designed to cover or suppress individual symptoms while failing to diagnose or cure the underlying disease. Too often, the tonics have some unintended consequences and side effects which exacerbate the original disease or stimulate new ones.

The nation has spent thirty years treating the symptoms of family breakdown in ways that many believe have unintentionally advanced the dismal trend. We know that marriage is the best path to avoid or escape poverty, yet we punish family formation through our social service programs and tax laws. We know that the three best predictors of child support compliance are (1) the fairness of the original order, (2) the obligor's access to the child, and (3) the obligor's work stability, yet we have proceeded on a simplistic idealogy of "more is better" in all matters of support amount and punitive enforcement. We know that entrenched special-interest groups have a vested interest in magnifying their own self-importance through repeated claims that child support is paid only 50% in full and 25% in part, but we have failed to challenge the accuracy of the claims and have failed to challenge the special-interest groups' strange silence about the fact that the same database also reveals the following:

- Child support compliance was 90.2% in cases of joint custody;

- Child support compliance was 79.1% where access to the child was protected by a visitation order;

- Child support compliance was only 44.5% where neither joint custody nor access were protected by an order;

- In 66% of the non-compliance cases, the mothers themselves reported that the reason was "father unable to pay."[1]

The issues at stake for American families are too important to allow policy to be based upon stereotyping, anecdotes, and special-interest group "spin control". The country needs thoughtful, dispassionate analysis of the role of Federal policy in family breakdown and parent absence. Before we consider more mechanisms for federal enforcement of state domestic relations orders, we need to better understand those orders and the people against whom enforcement is sought. Is noncompliance simply bad behavior or are we making unfair demands? There is good reason to believe that there are far more "thrown-away parents" who are victims of policies that discourage their involvement except as anonymous cash donors than there are "runaway parents." This is not the time for more band-aids and tonics. It is a time to take to heart the physician's creed to "do no harm."

II. The Pendulum Of Public Prejudice

Throughout most of our nation's history and in much of the world today, the law contained a strong or conclusive presumption that sole custody would be awarded to the father in the event of family dissolution. The early feminist meeting in Seneca Falls, New York in 1848, for example, included the fact that fathers automatically received custody as a principal complaint in its Declaration of Sentiments.

Prior to the industrial revolution, most parents worked side-by-side with the children on the family farm or in the family trade. Children were nurtured and educated through almost continuous contact with both parents and child-rearing books through the 18th and mid-19th century emphasized the father's centrality in raising the children and preparing them for the adult world. As the industrial revolution accelerated through the 19th century by pushing more fathers out of the family enterprise and into the factories, social theorists began to exalt rigid sex role separations with father as external wage earner and mother as home-bound nurturer. Still, the pendulum swung slowly and the pro-feminist philosopher John Stewart Mill observed that, while the idea was interesting, the public was insufficiently prepared to discuss mother custody.

Continued industrialization, coupled with the then perceived virtue of getting women out of the paid work force in order to create jobs for returning servicemen at the end of World War I, culminated in a full-blown "cult of motherhood" and the establishment of the "tender years doctrine" in most states. The pendulum of public prejudice, having swung from one extreme to the other, then enforced automatic mother custody with the same rigidity as the earlier enforcement of automatic father custody.

---

[1] Child Support and Alimony: 1989; Current Population Reports, Series P-60, No. 173. Bureau of the Census, September 1991. Interstate Child Support: Mothers Report Receiving Less Support From Out-Of-State Fathers, January 1992 General Accounting Office, GAO/HRD/92-39FS, at page 19.

In approximately the last 20 years, the pendulum has begun swinging toward a more centered position[2] and most states have abrogated the tender years doctrine through statute or court decision as a violation of equal protection. Virtually all states now give at least lip service to the principle that custody decisions should be made in accordance with the "best interests" of the children rather than by reference to the parents' gender. Although the legal regimes vary, it is now recognized in all states that either the mother or the father can "win" the battle for custody of the child.

III. What We Know About Children's Needs

While the law was advancing to the point of recognizing that either mother or father could be the better parent, social science research confirmed that the best parent is both parents. Ten years ago, it was considered impolite to suggest that two-parent families were functionally superior to single-parent families. Today, the notions that two-parent families are unimportant and that government can provide an effective substitute have been repudiated. In their place is a broad political and scientific consensus that children need two parents.

In 1965, Patrick Moynihan was condemned for his observation of the consequences of family breakdown:

> From the wild Irish slums of the 19th century eastern seaboard, to the riot-torn suburbs of Los Angeles, there is one unmistakable lesson in American history: A community that allows a large number of young men to grow up in broken families, dominated by women, never acquiring any stable relationship to male authority, never acquiring any rational expectations about the future -- that community asks for and gets chaos.

Today, Moynihan's heresy reflects the consensus. The view from the left by groups like the Progressive Policy Institute[3] is that:

> Traditional liberals' unwillingness to acknowledge that two-parents families are the most effective units for raising children has led them into a series of policy cul-de-sacs . . . . Our point is that at the level of statistical aggregates and society-wide phenomena, significant

---

[2] For example, the American Psychological Association adopted the following resolution at its 1977 meeting:

> Be it resolved that the Council of Representatives recognizes officially and makes suitable promulgation of the fact that it is scientifically and psychologically baseless, as well as a violation of human rights, to discriminate against men because of their sex in assignment of children's custody, in adoption, in the staffing of child-care services, and personnel practices providing for parental leave in relation to childbirth and emergencies involving children and in similar laws and procedures.

[3] Putting Children First: A Progressive Family Policy for the 1990's, Progressive Policy Institute, September 27, 1990.

> differences do emerge between one-parent and two-parent families, differences that can and should shape our understanding of social policy.

The view from the right by groups like the American Legislative Exchange Council[4] is that:

> With a unanimity of view that is virtually unparalleled, social science researchers have documented the fact that children of divorce or unwed birth fair poorly in comparison to children from intact families. Regardless of the social problem which is under consideration, whether it be drug abuse, juvenile delinquency, teenage pregnancy, low self-esteem, poor academic achievement, or even suicide, research points to family breakdown as a primary cause.

In accordance with the resurrected understanding that two-parent families are important for children, liberals and conservatives have reached common ground on the importance of encouraging family formation and family preservation. But what about children of divorce?

IV. How to Encourage The Two-Parent Family, Especially After Divorce

Courts are most accustomed to adversarial presentations that are resolved by the selection of a winner and a loser. The system works well in commercial disputes. The court picks a winner and a loser, the loser is ordered to pay the winner, then we move on to the next case. The difference in domestic relations cases is that it is immoral and destructive to treat children as prizes to be awarded to a winner and denied to a loser.

Children are born with two parents. Children want, love, and need two parents. The fact that mother and father no longer live under the same roof does nothing to diminish the child's need for both parents. The only thing that is assured by a winner-take-all domestic relations system is that the child will necessarily lose because the child walked into court with two parents and walks out with only one.

In most marriages, both spouses are good parents who love and wish to be an active part of their children's lives. Policies should be based upon the norm of human response rather than upon the pathological extremes. The winner-take-all approach to custody encourages a bifurcation into good parent and bad parent categories. The bad parent is then more easily relegated to a marginal role in the child's life. All losers, all bad parents, are then more easily painted with the same brush of a "standard visitation schedule" encompassing alternate weekends and scattered holidays. All losers, ranging from those who were almost winners to those who barely avoided termination of parental rights, are thus lumped together by the presumption of pathology. Abolition of the presumption of pathology is the first step towards protection of the child's best interests.

---

[4] Children, Family, Neighborhood, Community: An Empowerment Agenda, American Legislative Exchange Council, 1991.

Disneyland Daddies, Marginal Mommies, and their non-custodial children have a common complaint; "visitation" just doesn't feel like a real parent-child relationship. Parent to child teaching occurs in the quiet moments, the shared tasks, the talks at the end of the day. School-night sleepovers are every bit as important as Saturday extravaganzas, especially for older children who see weekends as a time of conflict between the attractions of parents and peers.

V. Stereotypes Damage Children

Stereotypes about fathers seeking custody to avoid child support and mothers grasping children as meal tickets do not help to resolve custody disputes. Both stereotypes ignore the simple human fact that parents love their children and want to be with them. Stereotypes have become so ingrained that the United States Department of Health and Human Services was actually surprised to learn that young fathers care about their children.[5] Maintaining the stereotype that fathers do not care about their children also requires a very special compartmentalization of the mind. Fathers' devotion to and sacrifice on behalf of their children is so naturally expected that it is hardly noticed. The coal miner who continues to work while dying of black lung disease may look like "The Patriarchy" to some but would describe himself simply as a father if we ever thought to ask. In the popular movie, "The Little Mermaid," no one is surprised that King Triton sacrifices everything to save his daughter yet, upon divorce, we would expect him to quietly walk away.

Stereotypes about men create the Catch-22 that fathers don't care enough to seek custody and, if they really cared, they would not put the children through the trauma of a court battle. Stereotypes about women and perceptions of gender bias favoring mother custody in the courts create pressure for mothers to seek sole custody even when they recognize that it is not in the child's best interests. Organizations like Mothers Without Custody report that one of the greatest problems encountered by the more than one million non-custodial mothers in the United States is the ostracism they suffer after being pressed to explain why they do not have sole custody. Stereotypes of men and women damage children by indiscriminately ascribing fixed characteristics to large groups of individual

---

[5] The Changing Face of Child Support Enforcement: Incentives to Work with Young Parents, United States Department of Health & Human Services, Office of Child Support Enforcement, December 1990, page xix. The bureaucracy is not alone in its surprise:

> When I first started researching this book, I was prepared to rediscover the old saw that conventional femininity is nurturing and passive and that masculinity is self-serving, egotistical, and uncaring. But I did not find this. One of my findings here is that manhood ideologies always include a criterion of selfless generosity, even to the point of sacrifice. Again and again we find that "real" men are those who give more than they take; they serve others. Real men are generous, even to a fault. . . . Manhood is therefore a nurturing concept, if we define that term as giving, subventing, or other-directed.

Manhood in the Making: Cultural Concepts of Masculinity, David D. Gilmore, Yale University Press, 1990, page 229. In August 1990, a Los Angeles Times survey reported that 39 percent of fathers would quit their jobs to stay home with their children if that option were available to them.

human beings. Surely there are some fathers who are uncaring deadbeats and some mothers who are uncaring gold diggers.[6] Each child, however, has one specific father and one specific mother, not a caricature from a class.

VI. No Substitutes, Please

Since we know that children of divorce fare poorly in comparison to children from intact marriages, the defenders of the winner-take-all system have developed something of a cottage industry in seeking out factors other than parent loss to explain the deficit. The most commonly asserted rationale is poverty. Single-parent custody would be just fine, we are told, if only we would increase the government subsidies and the income transfers from non-custodians. If increased income is the salvation, we should expect children in step-families to be doing quite nicely since such families have two adults plus an income transfer from the non-custodian, resulting in an economic level at or above that of intact two-parent families. Instead, children in step-families show every bit as many problems as children in single-parent homes. See National Commission on Children, "Speaking of Kids: A National Survey," 1991; Zill, Child Trends.

Many children have grown up economically impoverished and thrived as adults. The emotional and psychological impoverishment that comes from parent loss is far harder to overcome. As stated by Professor Lawrence Meade of New York University:

> The inequalities that stem from the work place are now trivial in comparison to those stemming from family structure. What matters for success is not whether your father was rich or poor but whether you had a father at all.

Parent loss through family breakup is a disaster for children. The legal system through which divorcing families must travel can be structured to have positive or negative effects on parent-child bonds. The task is to identify and encourage structures which preserve and enhance the child's bond with both parents.

VII. The Origin of Child Support Policy

Public involvement in child support has grown to such a large scale that it is sometimes forgotten that the entire concept of child support transfer payments is a recent invention. Historically, a parent's duty was to support the child in the parent's own home and to keep the door open for the child to enter. Transfer payments arose only in the highly uncommon situation of a parent who had rejected his or her own child and thereby created a burden for the state or third parties. Child support transfer payments were thus rare during the era of father custody and remained rare during the early years of the mother custody era. As

---

[6] Note that the roles are sometimes reversed. When mothers are ordered to pay child support, their compliance rate is lower than that of fathers. See, *e.g.*, 1991 Statistics of Child Support Compliance, Office of Child Support Recovery, State of Georgia; Daniel R. Meyer and Steven Garasky, Custodial Fathers: Myths, Realities and Child Support Policy, Technical Analysis Paper No. 42, Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, July 1991.

the pendulum of prejudice shifted to sole mother custody during a time in which women generally did not work outside the home, the courts began to recognize the consequences of placing children in the least economically viable fragment of the former family. The 1920's then saw a large scale transformation in the fundamental structure of child support.

Under the new formulation, the parent who "lost" custody was both deprived of the companionship of the child and ordered to pay the other parent for services that the "loser" had historically provided with love and without charge in his own home. This unique separation of the rights of custody and the duties of support became a consequence of the "tender years" doctrine that is matched nowhere else in a legal system that has prided itself upon its attention to the principle that the possessor of rights should also bear the burdens and responsibilities associated with those rights. It is this bifurcation of rights and responsibilities that is at the root of the problem of civil disobedience in child support enforcement. Current policy makes the simplistic assumption that all non-custodians are "runaway parents" when, in fact, many non-custodians are "thrown away parents" who are victims of a court order that assumed children needed only "a custodian and a check".

What has been left out of the equation is our understanding of human nature and, particularly, our understanding that parents support children because of their relationships with those children. We do not have a problem with large numbers of parents who refuse to provide for their children during an intact marriage yet those same responsible parents become "deadbeats" upon divorce. It is time to examine the role of Government policy in the post-divorce behavior of the non-custodial parents. When we say to non-custodial parents that we care nothing about their relationships with their children, that we will offer no protection against the custodial parent's interference with that relationship, and that we will devote Government resources only to extracting financial payments from them, we should not be surprised by the result. Parents support children when they are permitted to be parents; slaves run away.

VIII: False Images And the Formulation Of Public Policy

The most widely cited statistics on child support compliance are those compiled by the United States Bureau of the Census. These figures purport to show that approximately 50% of child support orders are paid in full, approximately 25% are paid in part, and approximately 25% are unpaid. These figures are given as the principal justification for the punitive child support measures undertaken by the federal and state governments during the last decade. The problem is that the cited figures do not accurately reflect the reality of child support compliance and, as noted by Professor Sanford Braver,[7] the methodology adopted by the Census Bureau was completely unreliable. The Census Bureau asked only the custodial mothers whether payment had been received. It did not compare those responses with non-custodial reports of how much was paid or court records of how much was owed. Another flaw was the failure to quantify or correct the under-reporting of the amount of child support actually received by surveyed welfare recipients who feared a risk of benefit reduction or termination if they disclosed the receipt of more than $50 in child support. In other contexts,

---

[7] See Non-Custodial Parent's Report of Child Support Payments, Sanford L. Braver, Pamela J. Fitzpatrick, and R. Curtis Bay, 40 Family Relations, 180-185, April 1991.

the Department of Health and Human Services has admitted that welfare recipients typically understate their income in Federal surveys.[8] Finally, the survey lumped together as "partial compliance" all situations where the delinquency was as little as the late payment of a single installment and counted as "non-compliance" even those cases where the obligor was unemployed, disabled, imprisoned or dead!

Whenever the exaggerations of the child support lobby are exposed, the ready response is that critics must surely admit that at least some child support is not paid. True enough, but this response invariably begs the question of why some child support payments are not paid. Senior officials of the Office of Child Support Enforcement of the United States Department of Health and Human Services adknowledge that very little data exists on why child support payments are not made and that none of it is publicized. The United States spends well over $1 billion annually on child support enforcement yet the Government has no meaningful understanding of how many non-paying obligors are unemployed, disabled, supporting second families, or engaged in civil disobedience because they have been unable to see their children.

The enforcement of child support is already the most onerous form of debt collection practiced in the United States. Tax returns are intercepted, credit reporting services are notified, billion dollar bureaucracies are fed, and obligors are even jailed. If compliance is still inadequate despite the efforts of this massive enforcement apparatus, society must begin looking at the question of "why?".

At one point, the Federal Government did begin a survey to learn more about the obligors. Called "the Survey of Absent Parents" (SOAP), the survey was conducted on a pilot basis in two states. The results from that pilot survey undercut the stereotypes and the institutional desires of the Office of Child Support Enforcement. Wayne Stanton, who was then the Administrator of the Family Support Administration and head of the child support enforcement effort, killed the study and refused even to publish the pilot results. Only through the Freedom of Information Act has it been possible to obtain a copy of the pilot study and the internal agency paper trail documenting the termination of this important research effort. As stated by Robert B. Helms, then Assistant Secretary for Planning and Evaluation, in a memorandum to Mr. Stanton dated October 1, 1986:

> In response to your disappointing memorandum of August 22nd, I have requested my staff to notify the National Opinion Research Center and the Urban Institute that funding for the Survey Of Absent Parents will terminate December 31, 1986, the end of the contract period for the pilot study. While I disagree with your decision, the study cannot be continued without financial support from the program offices which would benefit most from the new information generated by the study.
>
> I would like to point out, however, that as our staffs have discussed new AFDC and child support initiatives that the administration might undertake, all

---

[8] Statement of JoAnne Barnhart, Assistant Secretary for Family Support, Before the Subcommittee on Social Security, and Family Policy, Committee on Finance, United States Senate, March 4, 1991.

> were in agreement that much of the information necessary to develop the necessary impact estimates is currently nowhere available. . . .
>
> I remain concerned that the commitment to fund the national survey was not undertaken in good faith by the Office of Child Support Enforcement when the memorandum of understanding was signed. . . . Obviously the survey has direct and immediate policy relevance, not only for the types of information needs cited above, but also because the survey collects new information about one of the major concerns the Congress was unable to address to the 1984 Child Support Amendments - the "intricately intertwined" issues of custody, visitation rights and child support. [Emphasis added.]

Since the assassination of the Survey of Absent Parents, no serious effort has been undertaken to test the stereotypes, prejudices, and anecdotes that have driven child support policy in the past decade. Only a few tantalizing glimpses of the truth have emerged. For example, in January, 1992, the General Accounting Office issued a report on interstate child support at the request of Senator Bill Bradley and Representative Marge Roukema and Representative Barbara Kennelly. In part because of the termination of the Survey of Absent Parents, the General Accounting Office reported that the only available database was the survey of custodial mothers undertaken by the Bureau of the Census. The methodological deficiencies of the Census Bureau data have been discussed above, but one finding of the GAO study truly stands out. In both intrastate cases and interstate cases, 66% of the custodial mothers with child support orders themselves reported that the reason for not receiving payment was "father unable to pay."[9]

Even without hearing the obligor's side of the story, then, we have reason to suspect that at least two-thirds of the problem of child support non-compliance is the result of court orders that fail to reflect the obligor's ability to pay. We should not give any consideration to the enactment of additional enforcement mechanisms until we have first studied and alleviated the unfairness of the orders that will be enforced. The lack of data about non-custodians and the facile assumption that all non-payment is simply the result of bad behavior has led to the demonization of non-custodial parents. The stereotype of the "deadbeat" has become so strong that the Department of Health and Human Services was actually surprised to learn that non-custodial parents do care about their children:

> Research to date has produced a new and significant insight about the fathers of children born to teenagers. They typically are motivated to support their families, even when they are not married to their partners, and even though they earn disproportionately little and suffer from high unemployment.

---

[9] Interstate Child Support: Mothers Report Receiving Less Support From Out-Of-State Fathers, January 1992 General Accounting Office, GAO/HRD/92-39FS, at page 19.

> This finding contradicts the widely held notion that young fathers are able but unwilling to support their children.

The Changing Face of Child Support Enforcement: Incentives to Work With Young Parents, Department of Health and Human Services, December 1990, page xix. One of the great tragedies for children is that this HHS report, the research of Professor Sanford Braver cited above, and other research refuting the demonization of non-custodial parents has generally not been brought to the attention of policymakers.

The popular stereotype of the "deadbeat" is the guy in the Mercedes who abandoned his children. The reality is that most delinquent obligors are economically marginal. A look at Virginia's "Most Wanted" list of "big-time evaders" is illustrative:

> Frankie L. Adams: Mr. Adams is out of jail and making payments; however, he is unemployed.
>
> * * * * *
>
> Robert Montcastle Flannery: . . . The judge ordered a wage withholding for $100 a month on Mr. Flannery's SSA benefits. The first $100 payment was received in August.
>
> * * * * *
>
> Ferman LaMont Payton: Mr. Payton was located in Dublin, Virginia after making application to receive food stamps.
>
> * * * * *
>
> Theodore Rogers, Sr.: Located on the Department of Social Services computerized client information system as a former food stamp recipient.

The Support Report, Virginia Department of Social Services, Division of Child Support Services, October 1991.

The demonization of non-custodial parents is used to justify all manner of inhumane treatment. Sylvia Folk, a non-custodial mother, testified before Congress that she was incarcerated for 72 days for non-payment. The judge candidly acknowledged from the bench his knowledge that she lacked the money to pay but vowed to and did hold her until the ransom was paid by her church. This inhumane treatment of American citizens is nothing less than a reversion to medieval kidnapping for ransom. Professor David Chambers of the University of Michigan Law School has found that, on average, "deadbeats" are incarcerated in Detroit for 90 days before the stereotype wears thin and the judge realizes that they really can't pay. By then, of course, they have lost their jobs, their cars, their apartments and their relationship with their children. The demonization of non-custodial parents has permitted us to ignore the Constitutional prohibition against debtors prison by engaging in the fiction that the jailing is for the miscreant's

contempt in failing to obey the Court's order rather than for failing to pay a debt.

Under the previous administration, the United States Department of Health and Human Services was the leading force in developing new enforcement techniques. In a 1991 issue of its monthly "Child Support Report", for example, HHS recommended the technique of herding up non-custodial parents and carting them off to jail, threatening to leave them there unless they immediately charged their support arrearages onto credit cards. HHS saw no hint of the immorality of driving citizens into debt or ruining their credit ratings to obtain payments of amounts that were supposed to reflect only a fair assessment of their current ability to pay. In an unintended bit of gallows humor, however, the HHS report revealed that the new technique had little actual impact because most of the unfortunates had already been bled dry:

> A survey later revealed that the majority of obligors - most of them with non-AFDC families - had neither charge cards or checking accounts.

Child Support Report, United States Department of Health and Human Services, 1991, at page 6.

Recommendations for Action

1. Assure that non-custodians and their advocates are adequately represented in the policy process. The importance of non-custodians as human beings and as parents is sometimes lost in the closed world of the child support enforcement bureaucracy. Each issue of the HHS Child Support Report lists a dozen or more child support enforcement conferences at which the presence of even a single non-custodial parent would be accidental. This insularity dehumanizes obligors as a class to be acted upon rather than as parents with whom we should communicate and cooperate. Every conference, meeting, or policy making session which is supported by direct or indirect federal funding should be required to include non-custodial parents and their advocates in equal proportion to the representation of custodial parents and enforcement officials.

2. Implement programs recognizing that child support enforcement is more than the mere invention of new coercions. Downward adjustment of an unfair order is enforcement; job training is enforcement; mediation of access disputes is enforcement; encouraging family formation is enforcement; marriage counseling is enforcement; reducing the need for income transfer and the sense of estrangement after divorce through thoughtfully developed plans for shared parenting is enforcement. Consider the popular movie, Mrs. Doubtfire. We should devote ourselves to maximizing the involvement of both parents before jumping to the conclusion that child support guidelines must contain an allowance for third-party child care.

3. Enforce the principle that the bureaucracy must represent all of the citizens. Federal law requires state enforcement agencies to process downward support modifications as well as upward modifications. A number of states refuse to obey this requirement because Federal

regulations only provide reimbursement incentives for "more is better" collection efforts and no state offers equal access to services for custodial and non-custodial parents.

4. Require completion of the 1984 Congressional mandate to study and report on the "intricately intertwined" issues of custody, visitation and child support.

5. Give non-custodial parents the same access to federal services as custodial parents. For example, the Federal Parent Locator Service is currently unavailable to non-custodial parents even when the child's whereabouts have been concealed by the custodian and enforcement of child support continues through government agencies.

6. Authorize research into the gender bias in court determinations of custody and support orders.

7. Authorize research into the marginal costs of rearing children for purposes of providing assistance in the development of child support guidelines.

8. Authorize research to further measure the effect of joint custody and shared parenting upon child support compliance.

9. Authorize and fund permanent programs like those recently demonstrated under federal grants to encourage non-litigated resolution of access and support disputes through mediation, counseling and other conciliation services.

10. Mandate accountability for the expenditure of child support funds received by the custodian as is currently done for Social Security benefits received on behalf of a child.

IX. Conclusion

For the past decade, child support policy at the federal and state level has been driven by the simplistic doctrine that "more is better." More dollars per month, more coercive enforcement, more is better. We need to acknowledge that "fair is better." When law-abiding citizens, who gladly supported their children during the marriage, become outlaws after going through the divorce process, it is appropriate to question whether the system rather than the people should bear the blame.

How many obligors are simply unable to meet the burden that has been imposed upon them by a chivalrous, high-income judge? How many of the "deadbeats" are unemployed, underemployed, disabled, imprisoned, or supporting two families to the best of their ability? How many are engaged in civil disobedience because they have been denied the opportunity to be real parents or even to have access to their children? Why has the Department of Health and Human Services, with all its billions of dollars, failed to carry out the 1984 Congressional mandate to study the "intricately intertwined" issues of custody, visitation and child support? Why did Wayne Stanton kill the Survey of Absent Parents? Why did the Department of Health and Human Services under the previous administration selectively report from the Census Bureau data and omit the fact that mothers themselves explain two-thirds of the non-compliance as

"inability to pay"? Why did the Department of Health and Human Services absorb the negative stereotypes so fully that it was surprised to learn that non-custodial parents do care about their children?

Over the years, policymakers have developed an ability to discern the self-interest, self-aggrandizement, and instinct for self-perpetuation that afflicts the military-industrial complex and other bureaucracy/special-interest group alignments. The time has come to apply the same wisdom to the child support industry. There is no basis for further enforcement initiatives until the distortions of past stereotypes and the concealment of data have been corrected.

ICAH

Illinois Caucus for
Adolescent Health

Formerly Illinois Caucus
on Teenage Pregnancy

Statement of Illinois Caucus for Adolescent Health

**to the Subcommittee on Human Resources
of the Ways and Means Committee
on the Causes and Consequences of Early Childbearing
regarding the Work and Responsibility Act of 1994**

The Illinois Caucus for Adolescent Health (ICAH) is pleased that the Subcommittee on Human Resources of the Ways and Means Committee is considering the complex circumstances surrounding the issue of adolescent pregnancy as it relates to welfare reform.

The ICAH (formerly the Illinois Caucus on Teenage Pregnancy) is a statewide membership organization formed in 1977 to improve the health and well-being of adolescents in Illinois. Its mission is to provide a common forum and support for a statewide network of individuals and groups providing public education, policy advocacy and support services to advance the health of adolescents. It emphasizes the reduction of health risks and adverse consequences associated with early sexual activity as well as support for pregnant and parenting teens. Its members are predominately providers of services to teenage parents and other adolescents. It has been advocating for changes in federal and state welfare policies towards teen parents since 1988, when the Family Support Act was being enacted.

INTRODUCTION

The Work and Responsibility Act of 1994 (WRA) is based on misguided assumptions about how adolescent parents and their families actually move off the welfare rolls. It fails to provide adequate resources for the overwhelming needs of many of these young families, who tend to be poorer, less well-educated and more often have multiple family problems than older recipients. It does not adequately take into account the realities of the labor market into which women with little education and short term training will be sent to compete for predominately low wage, often part-time employment with no family benefits. It also calls upon states to administer mandatory programs on a far larger scale than currently offered, with little preparation and guidance.

Above all, if implemented as presently proposed, it will have serious adverse effects on children in families on welfare, further undermining the "family values" which it purports to strengthen.

28 East Jackson, Suite 610
Chicago, Illinois 60604
312 427-4460, Fax 312 427-4463

Southern Illinois Office
P.O. Box 3371, Carbondale, Illinois 62902
618 529-5253

PREVENTING TEEN PREGNANCY

Those young women who become teen parents characteristically come from families living below the poverty line and have poor basic skills. They grow up in communities with poor schools with little tax base to improve them, few recreational opportunities, and little sense that staying in school will lead to employment. Community disinvestment and increasing social isolation underscores the conclusion that many have reported to us in interviews and focus groups that there is no reason to go out of one's way to avoid pregnancy in voluntary relationships.

However, not all relationships are voluntary. Studies in Illinois and Washington state have indicated that 2/3 teen mothers have at one time been sexually abused. Recent evidence compiled by the National Center for Health Statistics showed that 67% of adolescent mothers were impregnated by men over 20 and that men over 25 cause more than 400 teenage pregnancies every day". There is increasing evidence of rape and abuse in schools, by pupils and, in the American association of University Women, by teachers and staff.

In Illinois a 1987 study found that the mean number of hours spent in schools on sex education for grades 9-12 was 3.14 for all four years. There is little indication that it has increased. In many parts of the state it is actively opposed by school boards. Youth report that when it occurs, it is often not of any practical help in trying to avoid pregnancy or disease. Although attempts to link schools with health agencies are increasing they are still uncommon and, when they occur, difficult to maintain. There is inadequate funding to provide subsidized birth control to all who need but cannot afford it. Abortions remain unaffordable to most teens.

The WRA avoids these issues-the role of poverty as a causal factor in teen pregnancy, and the remarkable disclosures of forced and abusive sex by adults upon teens, as well as the lack of access to prevention resources that teens have. Perhaps the message of pregnancy prevention should go to adults, not children: not only abusers, but also those who sit on school boards and in other places of authority over the lives of teenagers and their children, but refuse to deal directly and honestly with adolescent sexuality. In this regard it should be noted that although there are of course adolescent mothers who are very young, the vast majority are 18 or 19, and thus not technically minors. The youngest are the most likely to have been abused: the Alan Guttmacher Institute reports that 74% of girls under 14 who have had sex are victims of rape.

In addition to additional policies to prevent assault and encourage a firmer resolve to get universal sex education, we urge that access to birth control (reauthorization and further increases in Title X family planning funding) accompany any pregnancy prevention initiative, as well as a stronger effort to obtain

Medicaid coverage for abortions for all women for whom they are unaffordable. These two policies would put reality behind the statement that "you should not have a child until you are able to provide for and nurture that child".

Finally, we welcome the funding for prevention programs in schools as part of the prevention effort, but point out that at about $60,000 a year per school, it remains a drop in the bucket. **We urge that the federal government, while allowing for cultural differences in the communities which these schools serve, provide clear guidelines defining components which must be included in the programs, because they are known to be vital to pregnancy prevention (for example abstinence plus rather than abstinence, links to health facilities, and above all well trained staff who understand the nature of the problem and can talk non-judgmentally about sexuality.**

TIME LIMITS

The call for time-limited public assistance has been the sound bite defining the current wave of welfare reform. The WRA has proposed eliminating assistance after twenty-four months and requiring recipients to take employment or participate in WORK, a federally subsidized employment program. ICAH's opposition to the concept of time limits is based on a fundamental belief that rigid timetables cannot determine a family's progress to self-sufficiency. Furthermore, with respect to adolescent mothers (the proposed initial target group), there is an abundance of evidence which clearly states that they do not transition off welfare in any systematic way; this would make any form of time-limited assistance ill-fated for them and their families.

The National Longitudinal Survey of Youth (NSYL) has shown that 40% of single adolescent mothers experience a short first spell on AFDC (i.e., the young mother enters and leaves AFDC within one year). In fact, according to research conducted by the Center on Budget and Policy Priorities, two-thirds of all families on AFDC receive assistance for a short period of time. A great number of families, when leaving AFDC, enter a period of low-wage, unstable employment which often leads to another spell on AFDC. Still, at any given point in time, more than half of the AFDC caseload is in the midst of a long spell (at least 5 years).

What can be derived from these findings is quite simple. A two year time limit, for any portion of the AFDC population, ignores the varying experiences of each custodial parent and family. Moreover, the goal to reform welfare should not be to develop a customized process in which each participant is expected to enter the JOBS program, obtain skills and move to self-sufficiency in twenty-four months. Instead, we must be willing to implement a program that will enable each participant to develop an

individualized approach to sustained self-sufficiency. This makes long term fiscal sense.

The alternative? Time limits, the lifetime limit on cash assistance, and sanctions involving loss of cash assistance for 6 months are all short sighted. They are sticks to goad families into accepting part-time low paying jobs with no benefits which are not steps on any transitional ladder to an income which will keep a family out of poverty. They foster the notion that poor people and their families are expendable, which does not lead to greater social harmony. They will lead to the destruction of families. The Director of the Illinois Department of Children and Family Services, Jess McDonald, has said that if time-limited assistance becomes a reality, "the biggest fear is the prospect of 100,000 to 200,000 more kids entering the child welfare system".

If time-limited assistance becomes a reality, the biggest fear, according to Jess McDonald, director of the Department of Children and Family Services in Illinois, is the prospect of 100,000 to 200,000 kids entering the child welfare system.

WHY TARGET TEEN PARENTS?

Take an uninformed glance at the May 1994 GAO report titled "Families on Welfare: Focus on Teenage Mothers Could Enhance Welfare Reform Efforts" and targeting teenage parents appears to be quite logical. Births to teens appear to be associated with long stays on AFDC, larger families, lower incomes. Thus the WRA plans to target young parents as the first group to be phased in to the time limited program.

We are **strongly recommending that a time-limited assistance program not be used** (see above section). If one is used, **we urge that teen parents are not the first group to be phased in.** Many factors make them an inappropriate target, particularly given the reduction in funding initially proposed for the welfare reform initiative. Although the existing JOBS program has demonstrated some success in serving older (25 and up) AFDC recipients, there has been very little success in serving this younger cohort.

As suggested above, the transition to self-sufficiency for any AFDC recipient is not a linear process; this is especially true for adolescent mothers. The experience with Project Match in Chicago, Project Advance, the Minority Single Parent Demonstration Project and the New Chance sites all confirm the need for multiple paths through which young women can move to employability, and for flexible approaches to meet the variations in ability, preparation, motivation and readiness to move into employment. The transition may begin with a short spell in the work force after dropping out of school, as a result of which a young mother realizes her deficits and wants to return to school. Project Match data has

demonstrated the frequency with which three job starts are necessary before steady employment is found. The San Jose New Chance project was the only one out of these costly programs which managed to reduce the numbers of subsequent pregnancies, through intensive, individual counseling from one familiar staff member.

We thus recommend that **any "target group" be one which can be moved more quickly off the rolls and has more chance of finding appropriate work than teen parents.** Not only is there little information about how to successfully move teen parents into transition, but the risks of failure are great since their skills are low, their children young, and the needs of the family group are often multiple. To quote Secretary Shalala, "They are the toughest group to serve".

There is one way of targeting young women under 21 which we would recommend. At the point of entry into the welfare system young women who had completed school would be given a full assessment, referred to needed services and then put on to cash assistance. They would be able to choose to be enrolled in the program on a half time basis, attending parenting education and child development classes, decision-making and basic skills, but spending half of each day with their child. This could continue until the child was three. This would develop needed skills in a mother who also needed to learn to parent. It could be adapted to a time limited system by giving a 1/2 time deferment, though we would prefer to see it in a flexible system. It would also cut down the need for infant day care.

STRENGTHENING FAMILIES

One basic ICAH principle in evaluating welfare reform proposals for their probable impact is that they not be likely to harm families. We have already discussed this in relation to time limits. There are a number of other proposed WRA measures which, in our judgement would be seriously detrimental to the families of parents who are AFDC recipients. On the surface, measures like family caps, domicile requirements and mandatory disclosure of the father appear to be strategies designed to expedite the transition from welfare to work. However, the reality in which many young mothers live with their children makes these measures dangerous. It is significant that this proposal follows closely on the heels of the Carnegie Report **Starting Points: Meeting the Needs of Our Youngest Children. We suggest that the WRA plan be measured carefully against the criteria within that report, which calls for legislation to encourage the development of children within emotionally and financially viable families.** The WRA runs directly against that in many ways.

*** Child Exclusion: "the family cap"**

Any measure that would deny additional benefits to a mother who gives birth while receiving public assistance can only harm this child and others in the family. The notion that welfare has been an incentive for AFDC recipients to have additional children is misconceived: there is no sound research which supports it.
A few simple facts refute this notion:

- the value of welfare has steadily fallen while the rate of single motherhood has increased.

- the average cash assistance a mother receives for an additional child is less than $75 a month -- hardly enough to cover the expense of a young child. Furthermore, according to research completed by David Ellwood and Mary Jo Bane, Deputy Secretaries for Health and Human Services, "welfare simply does not appear to be the underlying cause in the dramatic changes in family structure of the past few decades."[1]

- Studies have shown that the fertility rates of AFDC recipients are **lower** than those of the general population, and the longer a woman remains on welfare the less likely she is to give birth.[2]

- The goal of controlling the size of families receiving AFDC is not needed because, on average, AFDC families have less than two children per family, slightly less than the general population.

The Child Exclusion, like time limits, is a measure which, in the long run, will cost the government much more than it will save. The only result this provision will have is to increase the number of poor and homeless children and families. **We call for a federal policy which would ban states from implementing such policies.**

*** Mandatory Disclosure of the Father**

At face value, the provision which would require a mother to name the father and help find him in order to receive benefits appears logical given a father's responsibility to provide for his child. However, we must recall the alarming statistics that describe the abusive circumstances regarding a majority of teen-age mothers (p.2). These suggest alarming circumstance in which many of the mothers may be placed. What should a young mother do when asked in a hospital after giving birth, "Who is the father of this child?" In order to receive benefits, does she acknowledge the fact that

---

[1]David Ellwood & Mary Jo Bane, The Impact of AFDC on family Structure and Living Arrangements, (Working Paper No. 92A-82, 1984).

[2]Mark R. Rank, Fertility Among Women on Welfare: Incidence and Determinants, 54 Am. Soc. Rev. 296, 299-301 (1989).

she is a victim of incest or rape? Do we expect her, in order to receive benefits, to put herself in a potentially violent situation for naming an abusive 25-year-old man who she knows will not like being tracked by child support enforcement officials? Are we willing to deny a young mother and her child benefits for protecting herself? The pain of working through this dilemma, particularly in a case of incest by the girl's father, is almost unimaginable. **Cash assistance should not be withheld if the father's name is not disclosed: nor should such a threat be used.**

*** Domicile Requirement**

Another measure presented in the WRA's proposal that does not speak to the reality of many teen parents is the requirement that in order to receive public assistance they must live at home or with a responsible adult. The transition to work cannot begin until there is a stable living requirement There are several reasons why this provision should be eliminated:

- o While evidence suggests that young mothers rely on many formal and informal support networks during the early stages of the child's life, it is important for her to separate, if only physically, from immediate family networks in order to develop a strong, independent bond with her young child. By not allowing a young mother to establish her new family independently when this is necessary, we will, in effect, impede emotional development.

- o Given the previously cited evidence on the abuse, we cannot expect young mothers to stay in an unstable and violent environment. Furthermore, we should not place the onus on the young mother to prove to her case manager that her home is unstable. If we do, she is forced to report cases of abuse which, again, potentially places her in danger.

Once an adolescent bears a child we must recognize the needs of this new family and seek to support its development and growth. **We strongly recommend eliminating the requirement, but training case managers carefully trained to deal with this delicate issue, helping young mothers find an appropriate "responsible adult", or, if necessary a group home or shelter.**

Child Care Issues

Here again appropriate public policy requires that parents only work when to do so will not compromise the physical safety or developmental progress of their children - the parents and workers of the next generation, and that when they do participate, adequate resources for appropriate child care are available until the point at which income will allow payment by the family. We find a number of problems with the WRA proposal:

* The WRA has no special provisions for child care for young parents, despite its focus on this population. We recommend that the Committee consider adopting the portion of the Matsui plan which allows states to guarantee child care for teen parents if their income does not exceed 150% of the federal poverty level, even if they are not on AFDC, but wish to participate in a state-approved education or training program.

* The proposed increase in Title IV A At Risk Child Care by $1.5 billion over 5 years is not high enough to support the requirements for parental participation proposed. It is inconsistent with the numbers of families involved and with the critical role of child care in the transition to work. Alternative calculations, such as those used to support the Matsui proposal, suggest that at least $5 billion will be necessary. We support that figure and are very concerned that the subcommittee will move forward with any lower amount.

* The WRA proposal on Transitional Child Care (TCC) is similarly flawed. It would maintain a program which, to be effective, must be converted into a means tested program available up to 185% of poverty, or, at the very least, expanded to two years as federal policy, not state option. From Illinois experience we have already seen that the precarious transition of families from welfare to work can come to a sudden end when the one year time limited TCC program is no longer available. The family must go back on to AFDC. This change will become even more critical than it is now if a life time limit of two years is put on cash assistance. Child care benefits are seldom available to low income workers.

* However, we welcome the WRA requirement that states using TCC and At Risk Child Care provide families with the same sliding scale as CCDBG, and offer at least one mechanism for prospective payment of child care expenses to every family.

EMPLOYMENT ISSUES

We have already pointed out that the data on the rate at which young women leave welfare suggests a very wide range of abilities, preparedness and family situations. Direct service workers confirm the need for flexibility in approach, recognizing variations in difficulty in adjusting to work, providing sustained and individualized support, allowing for the fact that young mothers are often primary support for other family members besides their children, addressing deficits in education and providing intensive support services, including subsequent pregnancy prevention.

The deficits in the literature of fully successful program models for moving unprepared adolescent mothers from welfare into the work force without additional pregnancies have already been mentioned. However, they have to be seen in the context of the overall employment situation for women with low basic skills and little

work experience. In 1990, 18% of full-time workers aged 16 or over (14.4 million people) had annual earnings below poverty level: this rate had increased from 14.6% in 1994. However, over 1/4 of the U.S. labor force are not in low wage, full time jobs: they are in part time, temporary, underpaid work with no benefits. Many of these workers are single mothers who cannot find full-time work with benefits. If the WRA becomes law in the form now proposed, it would largely shift women off AFDC into competition for these jobs.

Most young parents, even those who have completed school or the JOBS program, would not competitive successfully, even in this milieu. If they were successful, it would be at the expense of someone else's job; another impoverished mother would fall back on to AFDC, or if she had exhausted her life-time limit on cash assistance would presumably be forced into the underground economy, a forced choice which could well be lethal for herself, her children, or both. Is this the best outcome for an expensive federal program?

One potential reform which would ameliorate this situation would be **pay equity reform, which we urge you to consider. At this time, 62% of working poor women are in jobs that are at least 70% female. For every 1% increase in the number of women in an occupation, wages decrease by .11%.** It is estimated (Lapidus and Figart) that comparable worth application would reduce the % of working women earning below poverty wages by 40%. It would make an even larger difference to clerical workers (estimated at 74%)

We also propose a guaranteed minimum child benefit: the **Guaranteed Minimum Income For All Children (The SAFE Act)**

STATEMENT OF
INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE, AND AGRICULTURAL IMPLEMENT WORKERS OF AMERICA (UAW)

Before the

SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
On
TRANSITIONAL ASSISTANCE, WORK, AND THE ROLE OF THE STATES IN WELFARE REFORM, AND FINANCING ISSUES

August 9, 1994

On behalf of over 1.3 million active and retired workers, the International Union, UAW appreciates the opportunity to comment on President Clinton's welfare reform bill, the proposed Work and Responsibility Act of 1994 (H.R. 4605). The UAW supports efforts for meaningful change in the welfare system. At the same time, we are concerned about the potentially negative impact of certain proposals on welfare recipients, especially poor children.

The welfare reform debate has prompted considerable discussion about what is wrong with welfare and welfare recipients. Many people have been blaming the poor for poverty rather than an economy that has not been producing jobs that pay family-supporting wages. The economic expansion, now more than three years old, has generated only a 5% increase in jobs, compared with an average of 11% during the past three economic upturns. The number of relatively good-paying manufacturing jobs remains almost 3 million below its employment peak of 15.3 million posted in 1979. New job growth has come primarily in service-producing industries where pay and benefits lag behind those in manufacturing.

Unemployment stands at 6.1%. Over 8 million Americans are unable to find jobs. Another 4.4 million have had to accept part time work because full time jobs are not available. An additional 1.8 million searched for work but gave up looking because of poor job prospects or because of problems such as transportation and child care arrangements.

Far too many children and their families live in poverty. The U.S. continues to lead the industrialized world in child poverty. More than 14.6 million American children - one in five - lives in poverty. At 22%, the rate for children is higher than the rate for any other age group. Another 3.7 million children live just above poverty.

Bleak as these figures are, they only hint at the magnitude of the problem. A large number of American children are not just poor - they are desperately poor. Some 10% of the country's children live in families with incomes that are less than half of the government's poverty threshold. To fall into that category, a single parent with two children would have to subsist on an income of less than $5,652. If life below the poverty line is a daily struggle, life at less than half the poverty line is almost unimaginable.

Welfare reform provides us with an opportunity to get at the causes of child and family poverty. But much of the current discussion has not been about ending poverty. It has been about ending welfare. The two are not synonymous. Indeed, if we are not careful, "ending welfare as we know it" may only exacerbate the poverty of our children.

<u>The President's Plan</u>

To briefly outline the President's proposal -

- It centers on the Aid to Families with Dependent Children program (AFDC) and proposes a two-year time limit on AFDC benefits.

- All recipients born after 1971 would be required to search for a job. Those who could not find a job would be required either to attend school or to undergo job training through an expanded Job Opportunities and Basic Skill (JOBS) program. Child care and health care

would be provided for recipients during education and training and up to an additional one year once in private sector employment.

- Those who could not find private sector jobs within two years would be required to take a job in the WORK program. WORK program jobs would include subsidized private and not-for-profit jobs, and public sector jobs. Most jobs would pay the minimum wage for between 15 and 35 hours of work per week. The child and health care guarantee would be extended to the WORK program.

- Those who do not stay in school or training, look for work or turn down a job would lose their benefits.

- Other provisions include increased child support enforcement, a teen pregnancy program, a variety of measures designed to give states flexibility and a number of administrative changes intended to improve program performance.

- The cost would be $9.3 billion over 5 years.

Changing The AFDC Program Will Impact Poor Children

Since the President's proposal centers on the AFDC program where two-thirds of the 14 million receiving assistance are children, the plan would have an enormous impact on the lives of poor children. Unfortunately, the President's proposal, as well as much of the discussion over the AFDC program, focuses on parents' behavior, allowing concern over children to be nearly forgotten.

We have an AFDC program because we care about children. Any proposed changes to this program must carefully consider the effects on children, because reforms which have not been carefully crafted could result in hurting - not helping - the nation's poor children.

President's Plan Contains Good And Bad Provisions For Children

We agree with those who have said that welfare reform allows us the opportunity to reinforce society's most basic values of work, responsibility, hope, compassion and opportunity. Within this structure of basic values, caring about children and their future should be at the top of our list of priorities.

There are aspects of the President's proposal which have the potential to help children. These include an increase in federal dollars for education, training and child care. It also includes measures to strengthen child support.

But there are other provisions in the bill which would result in pushing children and their families deeper into poverty. These include putting a 24-month time limit on benefits, allowing states the flexibility to deny increased benefits to families who have additional children, and cutting off benefits when parents do not comply with all of the rules.

Time Limit On Benefits

The one single aspect of this proposal which puts poor children at greatest risk is the proposed two-year time limit on benefits. Placing an arbitrary time limit on receiving benefits is unacceptable. It fails to take into account individual circumstances, the need of dependent children and the failure of the economy to generate decent-paying jobs.

When the AFDC program was created it did not include any specific time limits on how long people could receive benefits. None of our major social welfare programs were drafted with the expectation or intention that benefits should be available for only a short period of time after which they would be cut off. Limiting the time that people receive benefits is a relatively new idea. It stems from the view that if people rely on the AFDC program for an extended period of time, their reliance is due to problems with the program and themselves, not to problems within the economy.

If benefits are cut off, what will happen to the children? Many people, including aides to the President, have acknowledged that there is a danger that families could find themselves

homeless or unable to care for their children. We cannot cut the safety net which may be the only thing separating children and their families from complete destitution.

Benefits For Additional Children

The proposed provision allowing states to deny benefits to families receiving AFDC who have additional children - family caps -is misguided, in our judgment.

Those promoting family caps suggest that most mothers receiving assistance are raising large families to get more money. Yet, a study of women on AFDC in Wisconsin found that they actually have a lower birthrate, 45.8 per 1,000, than women in the general population where the rate is 75.3 per 1,000. Nationwide, about three-quarters of all AFDC families have only one or two children.

Investing In Education And Training

The President has proposed an additional $2.8 billion over 5 years for the JOBS program created by the Family Opportunity Act in order to offer two years of training for people on AFDC. Investing in education and training opportunities for welfare recipients is a critically important element in a strategy to help them successfully secure jobs paying a living wage.

Often cited as an example of success under the JOBS program is the program operating in Riverside, California. Three years after joining, participants reportedly were earning 40% more than a similar group of women who received no training. Their average earnings, however, were less than $3,600 a year - a level that kept them and their children in poverty. This experience indicates a number of things. For one, it indicates the need for additional skill development to help participants qualify for higher paying jobs. It also indicates the quality of the jobs available.

Training efforts must be targeted to the development of skills which will lead to good-paying, long-term jobs. Many of those receiving AFDC lack even the most basic skills to be job ready. Programs must be designed to provide basic skill training for those who need it. But training should not stop with basic skills. Programs providing opportunity for advanced skill development should also be made available. This may require more than 2 years of training, as well as opportunities for higher education and training for nontraditional jobs.

We are concerned that the additional funds proposed by the President would not be enough to implement a program which would fully develop skills necessary for jobs paying family-supporting wages for the expected 750,000 people in each year of the program. If funds were to fall short, training most likely would become geared toward relatively quick placements in low-wage jobs.

Moreover, the success of any training program - whether for welfare or non-welfare recipients - depends on the growth in good, well-paying jobs. Simultaneous with an expansion in training services, job creation strategies need to be aggressively pursued.

WORK Program

For people who reach the 24-month time limit and have not found a job, the President proposes a public sponsored jobs program - WORK. States would have considerable flexibility to place participants in a range of subsidized or newly created jobs. To guarantee that work "pays", earnings would be supplemented so that family income would not be less than for a family on assistance where no one was working. If any job offer is turned down by a WORK - or JOBS - participant, benefits would be cut off for 6 months.

This program would either do little to help children or would hurt them. Although the proposal recognizes that any job offered under a publicly sponsored program must provide pay and benefits equal to other workers doing the same work - without displacing current workers or jobs - most jobs are expected to pay the minimum wage. If work at this pay is below the monthly assistance allowance, under the President's "work pays" plan families would receive a supplement. In either case, however, family income would not be enough to raise them out of poverty. And if that were not bad enough, penalizing parents for not accepting"any" job offer by cutting off all cash to the family for 6 months would have a devastating impact on their children.

Child Care

Recognizing that parents are unable to participate in training or accept a job without adequate child care, the President's plan proposes an expansion in child care services. An additional $2.7 billion would be available for child care to participants in the JOBS and WORK programs and up to one year once in a private sector job.

There also would be some new spending on child care for low-income working families, but as acknowledged by the President it would not be enough to provide a child care guarantee for all working poor families. Child care assistance for these families can be particularly critical as they struggle to keep their jobs and stay off welfare. Finding additional resources for child care assistance for the working poor would be an important investment in welfare prevention.

Child care must not be viewed only as a means to enable parents to work or go for training. It is also a way to enhance child development. National quality standards need to be established to ensure that children receive adult attention and opportunities to learn and play in a safe and healthful environment.

Furthermore, no quality child care effort can succeed without addressing the low wages and few benefits of child care workers. Together they cause high staff turnover which in turn can be damaging to young children who need continuity from their caregivers. Money should be specifically targeted to provide decent wages and benefits for these workers.

Any effort to turn AFDC recipients into child caregivers - as the President has proposed under the WORK program - should come only after the family-supporting wages and benefits have been established and appropriate counseling and training have been provided. Welfare mothers must not be stereotyped as child caregivers and denied other training and job opportunities.

Financing

Money to fund the President's plan would come largely from reductions in other social programs. About $3.7 billion would be obtained from tightening eligibility for legal immigrant applications for Social Security, AFDC and Food Stamps. Another $1.6 billion would come from the AFDC Emergency Assistance Program.

Financing this plan through cuts in other anti-poverty programs that prevent homelessness, provide help to families in crisis and give assistance to elderly, disabled and poor immigrants is not the answer. Other sources for funding welfare reform must be examined.

Role Of The States

Following standards set at the federal level, the states continue to be in the best position to administer the AFDC program. There is, however, a trend currently underway to allow states to deviate from existing national standards by granting them waivers. This has allowed some states to impose restrictions which have an extremely detrimental impact on children and their families - such as New Jersey which put a family cap on benefits and Wisconsin which imposed a two-year limit on benefits.

The President's proposal would promote further erosion of national standards. States would be allowed flexibility to "innovate" and learn from new approaches. Increasing states' flexibility could set off a race to the bottom where states scale back benefits and impose more restrictions to avoid a system that might be viewed as too generous toward families in need of assistance.

We cannot allow the well-being of poor children and families to be determined by a system of state waivers and flexibility provisions. Strong national standards must be maintained.

Furthermore, under increased flexibility provisions and proposals to streamline current program administration, states may consider turning certain services or systems over to private companies. When functions are transferred to the private sector accountability and control are reduced. Private companies are accountable only to their owners, not to residents in the state. Keeping services and systems within the public sector will mean that the program will be more responsive to needs of poor children and their families and accountable to the community as a whole.

Anti-Poverty Strategy

Reform of the AFDC program cannot succeed in the absence of a broader anti-poverty strategy. That strategy must include:

- Assured child support benefits for all children with an absent parent.
- Improved unemployment insurance protection.
- A refundable children's tax credit.
- Universal access to health care.
- An increased minimum wage.
- Updated protections offered by the Earned Income Tax Credit, especially after 1995.
- Quality child care for employment and employment preparation.
- Improved access to federal nutrition programs.

Real welfare reform - reform which will bring us closer to ending poverty - is one of the biggest challenges facing our nation. We appreciate this opportunity to add our comments to the discussion on reform. We look forward to working with Members of the Subcommittee on this very important issue.

Testimony, Hearing on Congressional Welfare Reform Legislation

Luz B. Jimenez
Research Planner for Student Government (C.A.S.A.)
City University of New York- Lehman College
250 Bedford Park Blvd. West
Old Gym Bldg Room 110
Bronx, New York 10468
(718) 960-4960

August 29, 1994

I am presenting a brief argument against the time limit provision found in several welfare reform bills introduced in the 103rd Congress. This provision is designed to force people into the work force with little regard for job readiness or special cases. As a mother, student representative, former welfare recipient, and now advocate for the Welfare Reform Network, I bring personal insight to the effects of the time limit provision, particularly to college (or college bound) students on public assistance. Let me begin by stating my position on what welfare reform should be-- a program that addresses the issue of systematically reducing poverty and not simply getting people who are ill prepared for the job market off the welfare rolls. It should afford recipients a chance at upward mobility and not create a permanent underclass. Furthermore, it should not weaken the nation's ability to recover economically by not allowing for an adequate upgrade of the workforce. The president's bill, H.R. 4605/S. 2224, as well as several others, places the negative stereotype as the target of proposed reform. Many people, including some legislators, view welfare recipients as dumb and lazy. This is a stereotype. If this population was more closely examined, you would find a lot of potential there. The City University of New York, with at least 15,000 (this is a very conservative figure) of its 200,000 students receiving public assistance, exemplifies this.

Anyone who has obtained post-secondary education while trying to raise a family knows that two years is hardly enough time to prepare for a job that maintains an acceptable quality of life. Indeed, national statistics reveal that students are taking longer to complete their education than what were traditional time frames. This hardship is multiplied when you factor in pre-existing conditions of low income families. These conditions are at the root of many students having to take a semester or more off to deal with crises that arise. In essence, what I'm saying is that in many cases, it takes a minimum of three years to finish an associate degree. At Lehman College the time it takes to complete a bachelor's degree is five to seven years. If students who depend on public assistance and higher education as the vehicles to escape poverty are forced to enter the job market after two years and before attaining their degree , what good has "reform" afforded them? This creates and further aggravates revolving door poverty. If accommodations were made to keep these students on aid until they obtain the education they so desperately need, their future higher tax base would more than pay for the time they received assistance.

My recommendation is to set up individual time limits based on the special health and/or educational needs of the recipients. Investment in proper assessment, counseling, and follow-through of clients' performances should be made. Borrowing from the United Negro College Fund, "A mind is a terrible thing to waste." Let's invest in real reform based on reality and not on myths.

Respectfully Submitted,

Luz B. Jiménez

TESTIMONY ON "WELFARE REFORM" FOR THE WAYS & MEANS COMMITTEE HEARING- August 9, 1994

Marla Justice
113 Cheryl Ln #2l
Holliston, Ma 01746

My name is Marla Justice, I have worked on welfare issues for the last few years and am on welfare myself. And this is my testimony!

I moved to Massachusetts again after living in Palm Beach Fla. In Fla, I was a Dental Office Manager and I was making $500 weekly. My Mom got sick-- a stroke and I hired a nurse during day; then after work, I would come home and take care of her and 2 boys, 2 and 3 yrs old. It got to be too much and I left to move back to Mass. I moved to Plymouth and enrolled in Nursing school at Mass Bay Community College; I then moved to Framingham. While in school, I applied for AFDC.

I had to quit with 2 weeks to graduation due to my son Richard getting kidney stones--he was 5 yrs old. I then got into the cpm program and worked 1 year. Again Richard had to be hospitalized, again I was home. At that time he was also diagnosed with severe ADHD -- Attention Deficit with hyperactivity. He also had been diagnosed with Impulsive-Explosive Behavior and numerous other mental disorders.

Day care was out because he was so loud and dangerous and he needed constructive supervision. I have been in extensive therapy program for him and his sibling and myself. I applied to DSS for a volunteer Respite Service and for 2 yrs got no results; they said we were not an abusive family. I had to go to court to get an order for DSS to supply respite. Well, I have respite but because I am on AFDC, I get 13 hours a year. This "Welfare Reform" is not sufficient; it might save money for government, but you will have millions more starving and homeless. They need to provide solid services for families to help get off the system.

Believe me, it is not easy to live on $439 a month and rent is $201. This is not easy. I grew up well-to-do. I had the same attitudes until I ended up here. Believe me there is all kinds of sickness from being poor -- It is unhealthy to be without heat, to be stressed out all the time. Please consider the children; this is of no control of theirs. They lose!

What is happening to the U.S ? They say we are the richest country, well look around the rich are very rich and the poor and its getting worse are poorer! Please help our children! We and our children are <u>not</u> stereotypes.

I have looked at jobs. I have a child that must be watched. I cannot get childcare to watch him. I looked at how much jobs I could get till 3 pm would pay and I could not make ends meet on them. At the age of 12 years old, he is still not safe at home alone. The only way I could get a decent job is if I paid a respite worker at least $12 to $18 per hour or I could put him in residential care which would cost the state thousands of dollars per month. This one child would cost more than supporting me to work on raising my own children. If I were not home, there would be no supervision for my children-- they might be some of the latch-key children who end up in gangs.

I would like you to allow mothers to be mothers-- We should not be made ashamed of being a mother. I have children who especially need me. These children will be leaders of our future society and I have a responsibility to mold them. Why should any Americans, especially children, need to be poor and hungry! I believe grants should be raised to at least the poverty level. We should be allowed to get an education so that those who can and want to can really get job to support their families. There is no need to just throw people off welfare-- there will be even more hunger and homelessness.

You have to realize that you are blaming mothers and punishing the children. I never planned to be on welfare -- I had money when I first had my children and I was also married and never planned to do this alone. No one would choose this way of life.

STATEMENT BEFORE THE WAYS AND MEANS SUBCOMMITTEE ON HUMAN RESOURCES REGARDING HR 4605

THE HON. RICK LAZIO

Mr. Chairman, Mr. Santorum, members of the Subcommittee on Human Resources. Thank you for the opportunity to submit my testimony regarding this legislation with the important mission of reforming our welfare system.

Our nation's welfare system was created with the noble intention of providing assistance to the truly needy. Yet it is generally agreed that the system has gone sour, and is rife with fraud and abuse. There is a legitimate, and well substantiated, concern that through fraudulent manipulation of the system, many welfare recipients are receiving benefits to which they are not entitled. As you are aware, legislation to overhaul this complex system which has become a financial albatross around the necks of American taxpayers is called for.

I firmly believe that any welfare reform bill would be strengthened by further addressing the issue of welfare fraud. One of the best and most effective ways to address this problem is through the use of a system of finger-imaging (or other similar biometric technology) to verify the identity of recipients. This system would go a long way in preventing one of the most common forms of welfare fraud - the practice of someone using numerous names and sets of identification to collect multiple benefits.

I have introduced a bill, H.R. 3727, which calls upon the Secretary of Health and Human Services to conduct a feasibility study on the use of finger-imaging, or other biometric technology such as retina scans, to verify identity in order to help reduce fraud in the welfare program. Additionally, language urging that this study be done was included in the committee report accompanying H.R. 4606, the FY 1995 Labor, HHS, and Education Appropriations bill, which was passed on June 29 by the overwhelming margin of 339-89.

Programs such as this are not without precedence. Similar projects are being tested on a limited basis in two upstate New York Counties. These programs have been running for almost a year and a half, and have saved the state nearly $700,000. According to published reports, a study conducted by the New York Department of Social Services found that the state could save $46 million a year if it adopted a statewide finger-imaging program. Recently, Governor Mario Cuomo authorized this trial program to be expanded throughout all counties in New York.

In a related activity, a new investigation of welfare fraud in New York illustrates the problem of "double-dipping", where individuals receive benefits in more than one state. The study turned up 4,200 individuals on New York's welfare rolls who were also receiving benefits from another nearby state. Officials in New York City, where three-quarters of the double dipping recipients claimed one of their addresses, estimate that removing these people from their rolls would save them up to $3 million. This is just one example of the type of fraud that would be more easily prevented by the use of biometric technology. Currently, New Jersey also has plans to institute a pilot finger-imaging plan.

Los Angeles County has been running an experimental program similar to the one in New York since 1991. That project has saved $6 million during the first six months and is projected to save about $18 million over five years. Soon after L.A. County implemented its program 3021 people refused to be fingerprinted and dropped out of the welfare system, 242 people were denied benefits for submitting multiple applications, and 126 people were caught in outright cheating. Since then, the program is reportedly weeding out about 30 people a month who were trying to defraud the system.

If the savings suggested by these pilot programs are even in the ballpark, then we should not waste any time in moving this idea forward as an important component of welfare reform. I urge you to consider its inclusion into any welfare reform legislation reported by this subcommittee.

Reducing fraud in the welfare system will not only cut costs, it will ensure that welfare assistance goes to those who honestly need help, not those who are cheating the system and the taxpayers. This is something on which we should all agree.

Chicago League of Women Voters

Janice Mays
Chief Counsel and Staff Director
Committee on Ways & Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington DC 20515

Human Resources Subcommittee
The Honorable Harold E. Ford
Chairman

Hearing on "Time Limiting Cash Assistance in President Clinton's Welfare Reform Proposal"

August 26, 1994

The League of Women Voters is opposed to the proposed time limit on cash assistance. We believe, in fact, that the issue must be reframed. The overwhelming emphasis on individual behavior and the internal components of the welfare system has begged the real-world question: welfare in the context of the economy, specifically labor market capacity. While accepting the principle of "responsibility," we seriously question stress on behavior modification, job search, and job training if not correlated with honest job prospects.

And that is the gaping hole in the discussion so far.

We point to:

1 - the lack of solid information tying job trends to welfare reform
2 - the bleak outlook discernible in general empirical data on the direction of the entry level labor market
3 - the urgent need for public sector job creation
4 - serious omissions, particularly the plight of unemployed, low-skilled single adults

We cite Rep. Matsui's sharp questioning of Dr. Ellwood on experience with time limited welfare. Dr. Ellwood could provide no research. Rep. Mfume hammered at the Clinton proposal's "woefully inadquate" provision for job creation.

We note, first, that the burden of proof rests with the proponents - the Welfare Reform Working Group and the Clinton Administration. Clearly, the studies have not been done on job prospects for the welfare population. The legislative specifications go on at great length about participation in JOBS and WORK, employability plans, incentives, sanctions and penalties - nothing about the projected labor market by national aggregate or local breakout. The framers strongly prefer unsubsidized private sector employment as the goal of welfare-to-work, an insistence that makes it doubly incumbent on them to demonstrate a receptive workforce. The recognition in the Clinton proposal of the ultimate necessity of publicly subdized jobs is grudging, the funding restricted and convoluted.

The overall data on employment are bleak. The outplacement firm, Challenger, Gray and Christian, reported that workforce reductions were running 18% ahead of the first five months of 1993. The Federal Reserve's continuing sacrifice of growth and jobs in a fight against a phantom inflation leaves more and more low-skilled Americans in jobless limbo or on the downward end of a wage spiral. The corporate trend is downsizing - 2.3% of GDP for expansion last year, compared

with 4% during the 60's, 70's and early 80's. 15M Americans are unemployed or underemployed. African Americans and Hispanics are twice as likely as whites to be unemployed. An African American teenager is three times as likely as a white teenager to be jobless.

What chance to 2.3 million welfare recipients have in that labor market? or even the lower estimate of 500,000 required to go to work after two years on the rolls - especially if younger recipients and teens are targeted.

Again - we need a much broader labor data base for decision making. What relevant records and research we have are not promising/ "Outlook for the US Labor Market and Prospects for Low-Wage Engry Jobs" by Rebecca Blank, Northwestern University economist, reports a "growing number of unskilled workers unable to find work," with recent declines especially for low-skilled men. She attributes the slump for men to the continuing slide in manufacturing jobs. Her conclusion on the welfare cut-off is that it will "merely throw women and children into an increasingly hostile labor market where many less skilled persons in single adult families cannot earn enough to survive on their own."

Jared Bernstein and Lawrence Mishel of the Economic Policy Institute reported on "Trends in the Low-Wage Labor Market and Welfare Reform: the constraints on Making Work Pay." Their conclusion: "For the 'make work pay' component of welfare reform to be successful, the portion of the labor market accessible to young, non-college educated persons needs to be generating jobs that pay wages that at least keep pace with inflation. In fact, the above data portray a labor market characterized by weak demand and over-supply. Unless economic policies to ameliorate these trends are pursued, forcing welfare recipients into the labor market in this climate will further lower wages and increase unemployment. *

Both of these sources stress a major concern of the League: the plight of the low-skilled unemployed single adult, especially minority men. We have demanded their inclusion in the policy dialogue and ultimate federal mandates. They are currently excluded from all of the large initiatives - welfare reform, the Reemployment Act, EITC, School-to-work. Stranded by massive economic restructuring and, in many states, the elimination of general assistance, the low-skilled single adult is not on any agenda - except the crime bill and burgeoning state level prison funding. Earnfare in Illinois, a small parttime job referral tied to Foodstamp participation, placed 1,708 in jobs in 1993 out of an original general assistance population of about 86,000

For informing the immediate discussion, outcomes of the Family Support Act/JOBS would be most useful. Specific information on placement and wages, unfortunately, is meager and disappointing. Lack of adequate resources has prevented real implementation. MDRC finding are mixed: Ohio's LEAP may increase school graduation - nothing yet on securing employment. California's GAIN produced higher earnings for enrollees and decreased welfare costs - showing that positive results accrue from resources and commitment. However, 50% of participants of even this praised program still receive full or partial AFDC grants (only a 6% reduction in aid rolls) a fact

* We note the Urban Institute conference in April on "Self Sufficiency and the Low-Wage Labor Market: a Reality Check for Welfare Reform" - especially the Burtless paper - and have been watching for further inquiry along that line and policy development

which highlights three problems: scarcity of jobs, declining wages, and inadequate minimum wage. And that reflects the economy in relation to low-skilled job seekers. The welfare system can help with a well designed "make work pay" provision. But it can't create a growing labor market.

The Texas report on JOBS stressed two difficulties - excessive emphasis on process and participation requirements and insufficient resources. "Job search" was listed as the least effective component. It should be noted that job search has been expanded upfront in the Clinton proposal.

Illinois' Project Chance exemplifies the thinness of outcomes. Out of a non-exempt population of 133,144 a monthly average of 14,056 participated in JOBS. A total of 5,295 reported finding employment in FY 93. Illinois ranked 46th in providing the state match - leaving unclaimed about $30M each year. Nationwide 67% of federal JOBS money was claimed in FY 92. No doubt states should do better. But, in sharing fiscal responsibility, the League has long urged a stronger state commitment to education (with supplementary federal dollars) and major federal funding for economic/poverty relief - with the state in a secondary role. We would recommend a 75-25 federal-state match for welfare-to-work.

We would also strongly urge the original funding estimate ($16B) - not gained by raiding other programs for the poor, especially not SSI. Secretary Reich's suggestion of capturing dollars by closing off tax expenditures (e.g. mortgage interest deductions on second homes) and defense savings offer funding possibilities commensurate with the rhetoric of welfare reform.

Sine Qua Non: Public works/Public Service

One of our aims in seeking to redirect the welfare debate is to press for a companion proposal for job creation. The current systems (JTPA, JOBS) fall short: skills don't create jobs. We commend to your attention the keynote address of Hugh Price, President and CEO of the National Urban League. One important theme: "I call upon government to create a new labor-intensive public enterprise to perform services valued by taxpayers. We taxpayers all know there's plenty of infrastructure work to do. Schools are crumbling. Subway and bus stations are strewn with graffiti and railroad rights-of-way are littered with trash. Public parks in cities and suburbs alike are poorly maintained. Critics of government jobs programs usually say it's the private sector's responsibility to create jobs. I agree in principle. But when the private labor market comes up woefully short as it does today in the inner city, then government must step in if people are to work. How quickly we forget in this post-Perestroika era that the military once was what I've just proposed - a labor-intensive public enterprise enploying thousands of marginally skilled workers who helped produce goods and services - namely, the national defense - that taxpayers really wanted. Let's elevate America's infrastructure to the same valued status and alleviate urban unemployment in the bargain. What's several billion in new public dollars invested in schools, parks and people when compared with the billions more now spent much less productively on public assistance for the able-bodied and extra policemen and prisons? "

Several such initiatives are in the legislative hopper: HR 4184 - to amend the Job Training Partnership Act to establish a public works and public service job training program; HR 4183 - to authorize the Secretary of Commerce to make grants to state and local governments for infrastructure projects in distressed areas.

The above proposals are modest expansion of much needed infrastructure investment. We also urge coordination among existing programs via mandates from the beginning - e.g. Section 3 of the Housing & Community Development Act, designed to connect low income people to jobs in HUD funded projects. One HUD report estimated that the community development programs would generate 750,000 jobs in a fiscal year. Ties should be forged to welfare reform with set asides for welfare-to-work participants and targeted training through required JTPA agreements. Chicago is developing job access plans for transportation projects - totaling $350M in the city this year. All projects which benefit from public funds should include set asides - a pervasive Section 3. (Note: we are well aware of the contracting problems. We are awaiting the final shaping of Section 3 and will continue to push it as one source of jobs.) The advantage of the coordination approach is that it is relatively revenue neutral - the dollars are in the pipeline.

The pending Reemployment Act must include JOBS participants and unemployed low-skilled single adults. School-to-Work plans now evolving must include teens on welfare. Both need public works/public service programs available as a source of jobs.

As stated at the outset, a serious intent to place welfare recipients in jobs at a livable wage requires a data matching that does not exist - thus the irresponsibility of the time limit proposal which tosses women and children into a labor market unknown.

The League of Women Voters of Chicago endorses the comments on the Work & Responsibility Act by the Public Welfare Coalition, the Work,Welfare & Families Coalition, the Chicago Jobs Council, the Legal Assistance Foundation of Chicago, the Day Care Action Council, Women Employed, and the Task Force on Adolescent Health.

ORAL TESTIMONY BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
TUESDAY, AUGUST 9, 1994
RAYBURN HOUSE OFFICE BUILDING, ROOM B-318
BY MARK J. LEFCOWITZ, ALEXANDRIA, VA,
HEARING ON TRANSITIONAL ASSISTANCE, WORK,
AND THE ROLE OF THE STATES IN WELFARE REFORM,
AND FINANCING ISSUES

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to testify again before you today. My name is Mark J. Lefcowitz. I come before this subcommittee as a private citizen, as well as a welfare caseworker specializing in benefit programs for over fourteen years. Beginning in 1978, I was employed for ten years with the Pennsylvania Department of Public Welfare, and subsequently have been employed with the Fairfax County Department of Human Development for the past four years. Additionally, I am a freelance writer specializing in public welfare issues.

I am a generic caseworker. With the exception of medicaid benefits for nursing home situations, I make eligibility decisions on the entire gamut of federal and state welfare programs available in the Commonwealth of Virginia. At present, I handle a review caseload of approximately 500 households. I also serve as an intake caseworker, taking approximately 35 new welfare applications each month. Even with attrition - cases being transferred either intra or inter-county, families being discontinued for benefits, and families being denied benefits at the intake stage - I expect my caseload to exceed 750 - 800 families within the next 12 months,

Over the past 15 years, I have witnessed the pendulum of Federal and State policy swing from one extreme to another, and back again. I have served as the well intended policies of successive administrations and successive sessions of Congress failed to bring about their well intended outcome: helping people in poverty to escape that condition.

The notion which presumes that poverty can be "solved" with good intentions and enough money was resoundingly set on its ear in no uncertain terms in a recently published study of the "New Chance" demonstration program. The study, conducted in 10 states with 2,300 participants by the non-profit Manpower Demonstration Research Corp. of New York, revealed that current efforts to decrease welfare dependance have had no significant affect.

On the other hand, more conservative approaches to "welfare reform", too, have failed. The Omnibus Reconciliation Act of the Reagan Administration and the Workfare program of the Thornburg Administration in Pennsylvania, to name but two, were absolute failures.

It is my belief all of these attempts - both liberal and conservative - have failed in large part because the debate over welfare has remained essentially on the same plane for the past three decades, with no examination of either side's base assumptions. In essence, the American public has been subjected to the same old arguments, over and over again, with no effort to think "outside the circle"..

On one side are the humanists (the "liberals") who focus on suffering and the social costs caused by poverty. On the other side are the moralists (the "conservatives") who focus both on the real dollar costs of welfare programs that never seem to work very well, and the poor themselves who never seem to take personal or collective responsibility for the perpetuation of their own condition.

Both sides have legitimate points to make, but both sides stubbornly refuse to acknowledge the reasonableness of the other's point of view. And so the debate goes on and on with no change - ultimately - in the fundamental welfare policy that is produced by this debate.

The Welfare Dilemma

Let us finally grapple with the social and moral dilemmas implied by these two seemingly incompatible points of view and for once tackle their policy implications unswervingly.

For starters, let us admit that in our complex modern society there are both financial winners and financial losers. Among the losers are those who for any number of reasons are so disenfranchised and so dysfunctional that they can't even compete: the poor. Moreover, let us acknowledge that the poor do not always cause their own disenfranchisement, nor do they always perpetuate their own dysfunctions; and even if in either case they did exclusively contribute and perpetuate their own needy circumstances, our sense of justice demands that we offer assistance to those less fortunate than ourselves.

On the other hand, let us also agree that in our eagerness to help the less fortunate, our past efforts have caused - through the law of unintentional consequences - great harm to both society and the poor themselves. The theory which presumes that any problem can be solved if your intentions are pure enough and if you throw enough money at it has long since proved to be false. So, too, has the postulate which presumes that all social ills are institutional, beyond the capabilities of mere individuals to alleviate them for themselves, through their own efforts and by their own initiative. We know that the maternalistic axiom which presumes the socially and economically disadvantaged to be individually and collectively powerless to change their own circumstances is often false.

Let us agree, as well, that the tangled web of federal, state and local legislation and regulations which comprises our welfare system is collectively cumbersome, wasteful, often inconsistent, and sadly impotent. We can't seem to really help the people who really need help. Neither can we seem to prevent those who desire to fraudulently enter the welfare system from taking advantage of society's largess.

It is true: there is a great deal of welfare fraud. And it is also true that those individuals who do commit fraud are almost never prosecuted because the legal costs associated with the prosecution of welfare cheaters are often more expensive in real dollars and staff time than the cost of the fraud itself.

It is an open secret that most welfare recipients lie to one extent or another about their exact circumstances. Neither should it be very surprising that there exist many more "intact" welfare households than our welfare statistics might indicate. Also this country's inconsistent immigration policies, mixed-up and muddled welfare regulations, and overly interfering yet at the same time remote judicial system has foolishly encouraged the immigration of poverty and out-and-out fraud from outside our own borders.

But in our haste to decry this fraud let us not loose sight of the fact that the poverty levels used today are so out of touch with reality that they almost invite fraud. We have built, piecemeal, a Catch-22 system which encourages lying because telling the truth almost always makes an individual ineligible for its benefits. Once the lie is told, a great deal of effort is needed to prevent the lie from being detected. Instead of putting the bulk of their efforts into changing their circumstances, most welfare recipients spend most of their time in the survival technique of either appearing dysfunctional enough to stay eligible for welfare or hiding the true facts of their circumstances to stay eligible for welfare...more often both.

When placed in a survival situation, most people most of the time will survive any way they can, with whatever resources are handy to them. Little thought is given to the impact or the consequences of their actions, beyond fulfilling their immediate need for food, shelter, clothing, and safety. It is not reasonable nor rational for us to expect that any individual should or would meekly do without these bare essentials of human existence.

Last, let us admit that what society gives the poor is woefully inadequate and mostly inappropriate. Programs designed to give individuals a hand-up as opposed to a hand out have pretty much failed across the board - with some notable exceptions. Neither are there any rigorous standards to really determine whether any particular program has "succeeded". In those programs that do succeed in moving families out of poverty and into mainstream economic life, the mitigating variable seems to be the leadership of a single individual at the local level, not the

program itself.

All too often the providers of welfare and human services are the real recipients of our welfare system, not the clients who come to that system for help.

Let us agree, too, that the primary reason that our welfare system is a failure because we never demand its recipients to invest very much of themselves into it. We give services and benefits; we almost never really demand that the recipient give effort and commitment in return.

Last, let us agree that society's financial ability to help the poor is extremely limited. Under present political and economic circumstances, benefits are more likely to be cut at the very time when they are needed most. The reality is: helping someone out of poverty is often a long and always expensive undertaking. Unless something changes the situation, there is neither the political will nor the financial largess to accommodate the real needs of our poor and working poor.

A Two Tier System of Welfare

Is there a way for the welfare system to take into account these opposing - seemingly contradictory - points of view? The answer is: Yes. There exists a source of funding for welfare programs never considered before, presumed to be totally impossible: the poor, themselves.

Our notion of welfare is an outmoded vestige of an era long since past. It lacks dignity, it lacks flexibility, it lacks accountability, and most of all it doesn't work. Welfare need not be the meager gift of crumbs from society-at-large's table in the grand tradition of *noblesse oblige*. That tradition, the belief in the obligation of the privileged, comes from a time and place whose values and base assumptions our society has long-since discarded. Rather, our ideal society is one in which all have equal opportunity and all have equal obligation according to their ability. We strive for a society in which all have equal human privilege and all have equal human responsibilities - both to society and to themselves. It is only because of this ideal that our society strives toward the empowerment of the powerless. Only with such empowerment can we as a society truly demand accountability and responsibility from each of its members. Our present welfare system does not reflect these ideals, and therefore does not promote these new, valued social goals. As a result, welfare - as practiced today - is neither exceedingly gratifying to the provider nor is it extremely useful to the recipient.

In the place of *noblesse oblige* we should substitute a social model more in harmony with the goals for which we all strive: the good neighbor.

We are social animals. Because of this all too human trait, it is right and proper for each of us to expect assistance from our neighbors during times of great need. But it is also right and proper for those neighbors to expect repayment from us of that very same assistance once the emergency is past. It is no more unreasonable for society at-large to demand repayment of its assets from those it has aided during their time of need.

In our society of bedroom communities and anonymous neighbors, this is a tradition worth trying to strive toward again.

But how can we reach such a goal? The welfare system we have created is over-weighted with the heavy and unwieldy baggage of our overly litigious society. We have built a justice system which acknowledges that we may all appeal to a higher authority when government has treated us unfairly. Through numerous class action suits by various welfare groups and litigation by scores of welfare recipients a body of administrative law and court decisions now exist which allows the individual welfare recipients to avoid being dropped from the welfare rolls almost at will.

The answer, I believe, is to institute a two tier system of welfare, where the recipient, not society, has the responsibility of which welfare program meets their own needs. But the recipient, too, must live with the consequences of their choice.

In my own mind, I characterize these two very different programs as: if you will, a high end *fillet mignon* program and a low end, peanut butter and jelly sandwich program. The high-end welfare program would offer comprehensive services: individual and group therapy, social services, medical coverage, housing assistance, job counseling and training, educational assistance, etc; everything that anyone could possibly need to assist them in moving

from poverty to mainstream economic life. But the recipient is legally obligated to pay back a significant portion of the assistance benefits. The precise proportion of the recipient pay back to be determined by citizenship status, state and local municipality residency status, and the presence of a verifiable work history and history of taxpaying.

The low end program would offer only the most minimum of benefits; not even making the pretence of assisting people out of poverty. An out-and-out grant of no more than a few months in duration.

The high end program would be a loan by society which would be repaid by the recipient once full employment has been obtained. This loan would be immune to any and all bankruptcy proceedings. Each would provide food, shelter and safety - perhaps not fancy, but food, shelter and safety nonetheless - for each recipient.

It is important to note here that in neither case would either of the programs in this proposed two tier system be a "free lunch". Both programs would utilize heavy intake screening procedures to ensure the accuracy of all information given by the client on their citizenship status, state and local residency status, educational and employment history, past financial management history, etc. Both systems would require mandatory community service and/or part-time employment as a condition of eligibility, except in life/heath threatening situations. And each would be highly structured and require other traditional eligibility requirements common to current welfare programs. This would be particularly true with the high end program, which would offer considerably greater benefits programs and opportunities to the recipient than its less comprehensive companion.

In both programs, welfare recipients could be discontinued from their benefits in the event that they failed to cooperate with agency personnel, or if they failed to comply with agency regulations. In those instances where the welfare of children would be jeopardized due to a loss of food, shelter or safety because a parent's, specified relative's or legal guardian's failure to cooperate or failure to comply, child protective services would be brought into the case to insure the safety of the children until such time as cooperation or compliance was re-established.

Tough Love

The object of this proposed two-tier system is not to be punitive. Instead, its purpose is to insist on functional, rational self-interest and self-help behavior by the recipient's of welfare, and corresponding non-enabling behavior by the government agencies charged with serving the poor.

Mandatory community service and/or part-time employment would be a condition of eligibility, not because such activity would invariably lead to full-time employment but because such activity is good for the welfare recipient at a broad range of self-image and social skills levels. A high degree of structure should be imposed upon recipients, not as a punitive means of social control but rather as means of requiring each recipient to actively invest in themselves and their families through functional and self-interest behavior.

And last, re-payment of society's resources (depending on which program was opted for) would be insisted upon, not to discourage participation in welfare programs but rather to underscore and formalize the responsibilities of the social contract into which the welfare recipient is entering with his fellow citizens and neighbors.

In the Book of Genesis, Cain asks the question: *"Am I my brother's keeper?"* Throughout history, the answer to that basic human question has always been a resounding: Yes. But it is also clear that our brothers and sisters must also be their own keepers, as well. For if they have no care for themselves, then any care they may receive from the hands of others will be wasted and meaningless.

In the final analysis, we must insist on a system of "well and fair" not welfare; a system which is both fair to the society at-large whó is giving the assistance and fair to the recipient who is receiving it.

# # #

Mark Lefcowitz is a freelance writer specializing in public welfare issues. He has served as a welfare caseworker for over fourteen years; ten years with the Pennsylvania Department of Public Welfare, and subsequently the Fairfax County Department of Human Development, Fairfax, Virginia, where he is currently employed.

Mr. Lefcowitz has testified before the United States House of Representatives, Committee on Ways and Means, Subcommittee on Human Resources on various welfare related subjects.

SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

AUGUST 1994 WELFARE REFORM HEARINGS

TESTIMONY OF JOHN M. BOUMAN
IN OPPOSITION TO SECTION 601 OF H.R. 4605

My name is John M. Bouman. I am a supervisory attorney with the Legal Assistance Foundation of Chicago (LAFC), an agency that provides free legal assistance in civil matters to the poor in Chicago. I have worked for LAFC since 1975 in various city neighborhoods, and in that time I have represented thousands of applicants for and recipients of AFDC assistance. Since 1985, I have been the head of LAFC's unit that specializes in welfare law.

These comments are submitted on behalf of clients who are applicants for and recipients of AFDC benefits, who, as an eligibility requirement for AFDC, are charged with the duty of cooperating in obtaining child support from the fathers of their children. These clients include the plaintiff class in the case of Doston v. Duffy, 732 F.Supp. 857 (N.D.Ill. 1988). The class in the Doston case consists of persons applying for or receiving AFDC assistance during the mid-1980's who were denied or cut off of AFDC by the Illinois Department of Public Aid ("IDPA") for their alleged failure to cooperate in the child support enforcement process.

Section 601 of H.R. 4605 has to do with the already-existing child support cooperation requirement, which includes cooperating in the establishment of paternity. Our clients have no problem with that eligibility requirement generally. Section 601, however, would further define the duty of cooperation to include that an applicant must provide:

> (i) the name of the putative father (or fathers); and
>
> (ii) sufficient additional information to enable the State agency, if reasonable efforts were made, to verify the identity of the person named as the putative father (including such information as the putative father's present address, telephone number, date of birth, past or present place of employment, school previously or currently attended, and names and addresses of parents, friends, or relatives able to provide location information, or other information that could enable service of process on such person) ...

Current law differs from Section 601, as relevant here, by providing that cooperating with child support enforcement consists of:

> (1) Appearing at an office of the State or local agency or the child support agency as necessary to provide verbal or written information [about the name and location of the putative father], or documentary evidence, known to, possessed by, or reasonably obtainable by the applicant or recipient;
>
> ...
>
> (3) Providing information, or attesting to the lack of information, under penalty of perjury; ...

45 C.F.R. §232.12(b)(1) and (3).

The principal difference between current law and the proposed change in Section 601 is that current law admits the possibility that, in good faith, applicants for AFDC may not possess either the correct name or information that would allow a state to verify the identity of the putative father. While current law imposes a duty on the applicant to reveal all information that she has, it allows her to attest under penalty of perjury to the lack of any further information and thereby meet the AFDC eligibility requirement that

she cooperate with child support enforcement. Section 601 demands that all applicants have sufficient information to correctly identify the father and to permit the state to verify his identity. Section 601 plainly contemplates that to "verify his identity" means, in most cases, to establish his whereabouts so that he can be served with process. Section 601 bars from AFDC all persons who do not possess this level of information about the putative father.

Our clients oppose Section 601 because they have already been subjected to a similar policy in Illinois in the 1980's, and it resulted in tremendous undeserved human suffering. In the mid-1980's in Illinois the child support enforcement "cooperation" requirement was administered in a way that resembles what Section 601 would require. IDPA's policy was to allow caseworkers to decide, on a case by case basis, whether the AFDC applicant or recipient had "cooperated" by telling all the information she knew about the father. It turned out that many women did not know the actual correct first and last names of the father, due to the use by many of the fathers of pseudonyms and nicknames. It also turned out that a great many women could not give much information to locate the father. Caseworkers routinely would find these women uncooperative, based on a subjective judgment that the women "ought" to know more, that it was not "reasonable" that the women could bear children without solid information as to the fathers' identities and whereabouts. Therefore, concluded the caseworkers, these women were lying or withholding information; they were "not cooperating" and thus ineligible for AFDC. Since most of these women in fact did not have any more information, they could never "cooperate". There were many open-ended ongoing denials of aid. We had clients who were reduced to hanging around on corners in dangerous neighborhoods where they thought they might run into the father.

As a result of Illinois' policies, there were at least 56,000 women denied, terminated or suspended from AFDC benefits in just a few years' time. Chicago's homeless shelters filled up with women and children who had no means of support because they were sanctioned for non-cooperation. According to one study, 35% of the women and children in the shelters one winter night were there because they had been cut off of AFDC under these policies and could not pay their rent.

We were able to put a stop to this in the Doston v. Duffy case, because the policies violated the same federal law (quoted above) that Section 601 would change. Under Section 601 the damage would be far worse than it was in Illinois prior to the Doston case. The Doston problem was caused by caseworkers having discretion simply to disbelieve the mothers' representations about the father, and thus to find many mothers who had given all the information they knew to be non-cooperative. But, even under those policies, most mothers were found cooperative because the caseworkers did believe that they had cooperated to the best of their ability, even though the information they gave was insufficient to locate the fathers. Under proposed Section 601, however, a mother cannot be found cooperative if she cannot provide the mandated quantum of information, even if a caseworker believes she is telling all she knows. Virtually all non-locate cases would also be "non-cooperation" cases. This would mean several times more denials of aid than under the Doston policies.

The legislative specifications on Section 601 (June 21, 1994, Congressional Record) appear inconsistent with the bill. The specifications state: "The proposal contains several provisions aimed at significantly increasing cooperation among AFDC mothers while at the same time not penalizing those who have fully cooperated with the IV-D agency but for whom paternity for their child is not established due to circumstances beyond their control." (Emphasis added). The question is whether a woman's good faith inability to accurately name the putative father or

provide current information sufficient to locate him can be classified as a "circumstance beyond her control." The record in Doston and other known facts prove that it often can and should be so classified. Current law provides for this situation by allowing mothers who cannot identify or locate the father to attest that they have provided all the information that they have or reasonably can obtain. They are subject to the penalties for perjury and for welfare fraud if they do not tell the truth, so there is a remedy for such misbehavior. There is no remedy for the women and children whose benefits are denied because they do not have and cannot obtain the information called for by Section 601.

Section 601 appears to acknowledge the problem that it will result in the denial of benefits to needy and eligible women and children, because it attempts to address the problem through a ten-month delay in its effective date after passage of the bill. But this attempt fails completely. The intent appears to be to "put women on notice" that, when Section 601 takes effect, conceiving a child with a man without being sure of his true identity and without being able to verify the identity so that he can be located will bar them from the AFDC program. The assumption is that this ten months of notice will effectively change behavior in the necessary ways, or at least justify the denial of aid to women who do not "heed the warning".

This is a gross oversimplification of human behavior that cannot do anything but fail. It is a pure fiction that a change in a federal statute can be assimilated into the national consciousness and affect social behavior within ten months. Such "notice" is a technical and legalistic nicety at best. With or without this "notice", it is not realistic to expect that people will structure their intimate personal relationships around the documentation requirements for AFDC, even if they know they are going to need AFDC (if someone is in a relationship, it is customary to accept the partner's stated name without demanding identification). But, more importantly, it is not correct to assume that every woman will always have even the theoretical capacity to comply with Section 601:

-- Men often do not tell their sex partners their true identities, residences or employment. Women often do not find this out until it is too late. These women would be denied assistance under Section 601 even after consciously trying to comply with it. Similarly, many women, even in longstanding marriages, never find out key identifying information about their mate, such as social security numbers or the names and locations of his relatives.

-- Men change their addresses and employment without reporting to the mother of their children. This was by far the most frequent reason for the sanctions in the Doston case. Women do not even theoretically have control over this situation.

-- A very interesting phenomenon that was proven in the Doston litigation is the fact that a high percentage of very poor men are highly transient -- they do not live anywhere in particular, but "stay" alternately with friends, relatives and in other places. One cited example was the situation of 10 men found living in a car wash. When women state that they do not know where one of these men lives, that is often because he does not live anywhere in particular -- there is no correct or "cooperative" answer to the question. Section 601 would deny assistance to these women. Moreover, there is no consideration in Section 601 of the extreme unlikelihood that such very poor men would be able to pay support in any event.

-- A great many children are conceived and/or born before the mother has any idea she will need AFDC. In the intervening period of time -- often years -- she loses her income for

unrelated reasons (layoff, illness, etc.). Why would the mother necessarily collect and maintain information about the father prior to knowing she will need welfare, if she is not otherwise in touch with him?

-- Contraception failure is involved in many births, especially among populations using the less effective, less costly methods. By the time the mother is aware she is pregnant, she may have lost touch with the father. She never intended to be pregnant, so Section 601 would not even theoretically be a factor in her information-gathering tactics with the father.

-- There are rapes and other forced situations not planned by the mother that cause pregnancies. By the time the mother is aware she is pregnant, she (hopefully) will have lost contact with the father. She often never knew his identity at all. Section 601 would deny assistance to these women.

In short, if the purpose of Section 601 is to force women not to conceive children without knowing the father's true identity and whereabouts, it cannot accomplish that purpose, even with ten months' -- or ten years' -- advance notice and the full intention of women to "heed the warning". If, on the other hand, Section 601 is built on the assumption that all women in fact have this information and are choosing not to divulge it, it is mistaken.

Moreover, Section 601 would demand extremely cumbersome and expensive administration. It sets up a highly fact-intensive, sensitive, and provocative issue in almost every welfare case: the woman must tell sufficient information about the whereabouts of the father to enable the agency, if sufficient efforts were made, to verify his identity, i.e., locate him for service of process. Failure disqualifies the woman and her children from subsistence income. The inquiry will not only be about the information the applicant has, but about whether the state agency could locate the man with that information, if it were running a "sufficient" operation, and about what a "sufficient" operation consists of in each set of circumstances. In a very high percentage of cases, women faced with loss of their only subsistence income will pursue each and every appeal and contest every factual nuance. This will cost time and money. There is also an indirect cost. In the pre-Doston era in Illinois, there was a desperation and animosity about the administration of the program that was extremely difficult and unproductive for caseworkers and clients alike. And it was a major distraction from the principal effort: collecting child support payments from fathers.

It is unwise and unproductive public policy to focus and spend child support enforcement resources on a largely unfounded attack on the women and children who need the support rather than on men who can pay it. One thing that the Doston litigation revealed very clearly was that an aggressive sanctioning system has no positive relationship to obtaining support payments. Illinois was then and is now an extremely inefficient state when it comes to collecting from the fathers. Doston revealed a systematic attack on the mothers and children at a time when the resources would have been better spent on pursuing the fathers. Illinois had a backlog in its parent locate office of 50,000 - 60,000 cases, but only 8 staff statewide who could do little more to locate fathers than check through phone books. Illinois had a year-long backlog for paternity adjudications in court. Illinois had, and has, severe staffing shortages in the child support collection office, and severe deficiencies in its computer systems for distribution and accounting of payments. All these problems still exist, although Illinois has improved is child support collections every year after the Doston case without the aggressive sanctioning policy. The Section 601 proposal is a needless waste of resources that will cause great and largely undeserved hardship with little impact on the actual collection of support.

Section 601 will result in substantial increases in costs for many other sectors of federal spending. These include increases in child welfare costs, shelter and other homelessness costs, and medical costs occasioned by the rigors of life without adequate income. There will also be substantial unfunded increases in needs that state and local governments will have to care for, including their portion of all the above-cited federal increases. We definitely saw this in the Doston-era usage of shelters, food pantries and the foster care system.

Finally, it is appropriate to consider the cost of this proposal for children, the innocent bystanders. It is true that the denial of aid in these cases is technically only against the mother; the children are eligible for their portion of the assistance payment. But this technicality gives the children no comfort at all. In Chicago, a woman and two children are eligible for an AFDC payment of $377 per month, an amount woefully inadequate to live on decently (it is 37% of the poverty level; about $100 under the HUD fair market rent for a one bedroom apartment in Chicago). When the mother is denied assistance, the two children are entitled only to $201 per month. They are still the same three people -- same rent, same utilities, same groceries, same school clothes and supplies. It does the children no good, when they are evicted or cold or hungry or pulled out of school, to know that they are still receiving their portion of the AFDC assistance. When this family is punished because the mother really does not know the information that Section 601 demands, there is no cure for these unjust deprivations -- they will go on forever because the mother will never have the required information. Under current law, on the other hand, whatever "deprivation" occurs if a woman does not tell the whole truth about the identity of the father injures the state and not the children. But the state does have a remedy under the perjury and fraud statutes. So the policy choice is a clear one: should we visit irremediable deprivations under proposed Section 601 on many thousands of women and children who do not deserve such treatment, or should we retain current law and deal appropriately with the relatively rare and remediable cases of perjury. This should not be a hard choice. Section 601 of H.R. 4605 should be rejected by the Committee.

Thank you for your consideration of these facts and arguments, and for this opportunity to present testimony to the Committee.

John Bouman

John M. Bouman

STATEMENT OF GEORGE W. LIEBMANN
TO THE SUBCOMMITTEE ON HUMAN RESOURCES
HOUSE WAYS AND MEANS COMMITTEE - JULY 29, 1994

I served as counsel to the Maryland State Department of Social Services in 1968-70 and in that capacity successfully argued the case of Dandridge v. Williams,397 U.S.471(1970).I also drafted some early legislation relating to subsidized adoptions and termination of parental rights in adoption. I have had a continuing interest in welfare issues and am the author of The AFDC Conundrum: A New Look at an Old Institution, 38 Social Work 36-43 (January 1993) and Bad Incentives, The Family in America (Summer 1993), pp. 6-8. I represent no organization with an interest in these matters.

Any new legislation on welfare must decisively address the central problem: The rising tide of illegitimate births, and should not constitute merely an effort, largely foredoomed, to mitigate damage after the fact. Any new legislation must also be largely self-executing: it must send an unmistakable message which influences individual behavior and the culture of dependency and must not primarily rely on bureaucratic tinkering.

New legislation, in its application to recipients under the age of 21, must embody one central, unmistakable principle: no cash benefits as of right. It must send one unmistakable message: unattached childbirth means increased supervision, not increased independence. It must have as its central focus not guaranteed employment or public day care on the one hand, nor orphanages and abortions on the other, but training in parenting skills, mutual aid, adoption services, maternity homes and moral and religious training in the voluntary sector. Its focus must be not on the labor market but on the upbringing of the young; its concern not parsimony but the loss of another generation.

These proposals are not radical. They represent a return to the approach to unwed motherhood that prevailed in law until 1935 and in practice until 1960, and that successfully dealt with the dislocations caused by mass immigration, the depression, and two world wars. The application of AFDC to unwed mothers was an historical and legal accident, which must now be corrected.

As applied to the pending bills, this means the following:

1. AFDC in its application to unwed mothers under the age of 21 should be converted into a program of per capita grants to the states for social services to unwed mothers. The states should be encouraged to contract for delivery of these services by voluntary sector agencies. So long as grants are made to secular and religious agencies alike and individuals are excused from compelled religious observance, there should be no restrictions (such as those in section 2008(j) of the Administration Bill) on the religious content of programs.

2. Individual recipients under 21 should have an entitlement, as proposed by Senator Bradley, to a period of residence in a maternity home (such an entitlement is currently provided under California law). They should also have an entitlement, as proposed in section 503 of the Administration bill, to case management services. Allocation of the remaining grants to the states and of their matching funds, should be left to the states and the voluntary organizations with whom they contract, who would be free to make payments to guardians, protective payments to providers, and assistance in kind or, to a limited degree, in cash.

3. As proposed by Senator Bradley, there should be a program of capital grants for new maternity homes. These should be pursued with urgency during the lead time provided before new rules become effective. The focus of public policy should be on the re-involvement of the private sector in the care of this vulnerable population, and the abandonment of direct cash assistance to individuals.

4. The states should be encouraged to simplify their adoption laws, by limiting the rights of natural parents and the rights of children to identify natural parents, once adoption has taken place. As in recent British government proposals, which should be taken as a model, restrictions on interracial adoptions should be eliminated. Programs of subsidies for adoptive parents should be expanded, and funds provided for enhanced social work in support of adoptions.

TESTIMONY OF DIANE M. DUJON
MASSACHUSETTS WELFARE RIGHTS UNION

The Massachusetts Welfare Rights Union (MWRU) is comprised of current and former public assistance recipients (AFDC, Social Security, SSI, unemployment, veterans, etc.) and their allies. We have been on the front lines in the battle to end poverty for the past 15 years.

The current "welfare reform" proposals are based on myths and do not address the causes of poverty, are not cost-effective, are deleterious to our society, and are punitive and genocidal in nature. It is imperative that you, as our elected leaders, put a stop to the criminalization and vilification of mothers on welfare. Raising children, especially in today's world, is an important but extremely difficult job for any parent. Single parents, living on a welfare budget which is more than 50% below the poverty line, perform miracles every day just to survive. The current proposals (including workfare, learnfare, time limits, and family caps) will make survival impossible for the majority of us. Our society does not have the right to legislate the extinction of a whole class of people.

We view the current "welfare reform" proposals as an attack on women, since more than 90% of welfare homes are headed by single women. We, as Veterans of "Domestic" Wars, have been through tremendous trauma (divorce, desertion, abandonment, spousal abuse, and low-wage employment) and are valiantly struggling to maintain our families against all odds. We find that we essentially trade domestic abuse for institutional abuse. The rhetoric of politicians and radio talk show hosts is nothing less than a hate crime. Governors are spouting verbal abuse every day as they threaten to give welfare mothers a "kick in the pants" to get them to enter the workforce. Low wage work is not the only answer. For many of us, the workplace is too inflexible. There is no such thing as job security, even for those of us with masters degrees. Meaningful welfare reform would ensure that we are given the financial, emotional and psychological supports we need to survive. Instead, these proposals punish us and our children by threatening our already fragile survival through the reduction or elimination of the benefits on which we rely. With no way to financially maintain our families, many of us will have no alternative when confronted with an abusive or unhealthy situation. Few women earn enough to be the breadwinner in the family, yet we increasingly find ourselves in this position.

We also perceive these proposals as an attack on the entire working class. Combined with the current trend to "downsize" or "rightsize" in the private sector and to "privatize" in the public sector, these proposals will result in lowering the American standard of living for all workers as we scramble to work at jobs that do not meet our needs. Workers are already losing many of the benefits and rights they used to have. There simply are no jobs! In Massachusetts alone, more than 300 thousand unemployed workers cannot find jobs. Flooding the labor market with welfare recipients, many of whom are functionally illiterate, will only exacerbate the unemployment problem, especially since there is not enough decent, affordable child care available.

We must ensure that <u>all</u> workers have the right to jobs of our choice, to make decisions about the hours, to earn a living wage, and to benefits that maintain our families. We need jobs that can pass the "chicken pox test", where we can pay the rent after consecutive bouts of the chicken pox. We can not tolerate legislation that erodes the rights of any members of our society.

We, and our families, are the backbone of the American society. We are the survivors of indentured servitude, slavery and the industrial revolution. We cannot forget the past when our foreparents fought and died to ensure that their bosses did not have complete sovereignty over their lives. We remember that they battled for decent wages, the eight-hour day, sick time, holidays, vacations and health care. They recognized the need to support those workers who could not be accommodated (employed) in a capitalistic society because they understood that these supports were their own insurance of survival in any job action that might result in their becoming unemployed and reduced the chances of their replacement by destitute scab workers.

Our families desperately need us and we need to spend more time with our families! Our children know that we are the only people who value them in this society. Our neighborhoods are already empty, many working two jobs. We have no one to supervise and guide our youth and this has created war zones. We need to be heard!

President Clinton neglected to include the victims of poverty on his Welfare Reform Task Force. We have the empirical data you need--we live it! We know you need us because we hear your erroneous evaluation of the Anti-poverty programs of the '60s. While poorly administered and sorely underfunded, they did work! Thousands of us went to college and obtained positions that provided decent wages and benefits. We needed more programs, not fewer! We never eradicated illiteracy! People still live in shacks! Thousands of us do not have hot running water or electricity! Poverty still kills thousands more each year in the richest nation in the world! Homelessness of entire families has increased! Yet, we have watched the government retreat from the War on Poverty to the War on the Poor, promoting the deregulation of the rich corporations and the increased regulation of the poor. Our vision of America does not include the strengthening of the police state. Desperate people are forced to commit crimes, much as they did during Charles Dickens' days before society realized that we are all dependent beings and have a responsibility for each other if we want to live in harmony.

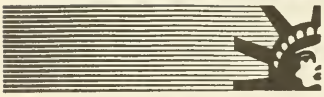
We need to nurture and encourage our people. We need to demonstrate unconditional love through our combined efforts to reach the people's needs. We are at a crossroad in history. To seek the right road takes a concerted effort of diverse perspectives, especially those of us who are most affected. No one else could know the pain and frustration we live every day trying to keep a roof over our heads, the heat on in the winter, the electricity on during the summer, food on the table, and love and hope in our hearts. To require mothers, who are already working hard raising America's most important product, to perform additional work outside of the home for welfare checks is ludicrous! When you are poor you cook from scratch, bake, sew and walk everywhere. Everything in life is harder when you have no money! When you live on the edge, one illness, one accident, one job loss or one fire can send your entire family over the edge and very often it takes more than two years to recover.

As the leading industrialized nation in the world, we can do no less than our peers in Europe and Canada. We must adopt a system that provides the basic necessities of life for all people. POVERTY = LACK OF MONEY TO SURVIVE!! We support a Guaranteed Annual Income, established minimally at the Federal Poverty Line indexed to the Cost of Living Allowance, similar to Social Security benefits.

We implore you, as the Chief Decision Makers of our Great Nation, to lead this country in the right direction. We must value all human life by allowing all humans to live lives of value. We must work to end the pain, anxiety and despair of poverty. You have the power to turn this nation around! It is incumbent upon you to take a stand and do the right thing.
". . .For unto whomsoever much is given, of him shall be much required. . . ." (Luke 12:48)

Diane M. Dupon
Dorothy L. Stevens
Lann Tayn-Berg

NARAL *Promoting Reproductive Choices*



TESTIMONY OF MARCY WILDER
LEGAL DIRECTOR, NATIONAL ABORTION AND REPRODUCTIVE RIGHTS ACTION LEAGUE

Subcommittee on Human Resources
Committee on Ways and Means
U.S. House of Representatives

July 29, 1994

The National Abortion and Reproductive Rights Action League (NARAL), a national non-profit advocacy organization, has been working through the political process for 25 years to keep abortion safe, legal and accessible for all women. In 1994 we expanded our mission to guarantee every woman the right to make personal decisions regarding the full range of reproductive choices, including preventing unintended pregnancy, bearing healthy children, and choosing legal abortion. NARAL has 37 state affiliates and represents 500,000 members. We are pleased that the Subcommittee on Human Resources is addressing critical issues regarding welfare reform.

The pro-choice movement has long worked for policies that protect reproductive freedom and improve the lives and health of women and their families by fostering healthier childbirth, decreasing the number of unintended pregnancies and making abortion less necessary. Pro-choice polices guarantee not only a woman's right to choose abortion, but also a woman's right to have children free of government coercion.

H.R. 4605 contains a number of provisions that will promote self-sufficiency by helping to ensure that women who receive public assistance have the job training, educational opportunities, child support enforcement and transitional benefits they need to take responsibility for themselves and for their families. H.R. 4605 also, however, promotes child exclusion laws that instead of helping women to become economically independent, seek to control their reproductive decisions. These laws, also known as "family caps," are harmful and coercive policies that deny increased support to women if they have children while receiving public assistance. The goal of such policies is to compel women receiving AFDC to have fewer children by curtailing AFDC benefits. Child exclusion laws will not work. They will, however, infringe women's liberty, lead to forced abortion, punish children, and yet do nothing to address the underlying causes of poverty and unintended pregnancy. H.R. 4605, sec. 502 would authorize all states to impose these coercive measures.

Women and children who rely on public assistance are facing severe economic hardship and AFDC provides only a bare minimum on which to live. A woman faced with supporting an additional child without an adjustment in benefits will be driven deeper into poverty.

- According to a recent statement signed by 76 prominent social science researchers representing a variety of major institutions, disciplines and political viewpoints: Policies that deny poor children basic income and nutrition assistance are likely to harm their physical and academic development and increase the incidence of homelessness and hunger among children."[1]

- Poverty is already taking its toll on America's children. The Carnegie Corporation recently reported that millions of children are in grave danger due to lack of medical care and financial support.[2] Children who live in extreme poverty experience more health problems, are at highest risk of academic failure, and are more likely to be malnourished, to be ill, and to cost taxpayers billions of dollars in support and lost productivity. For some children, poverty is deadly. Each year, an estimated 10,000 American children die from poverty's effects.[3]

National Abortion and Reproductive Rights Action League

1156 15th Street, NW
Suite 700
Washington, DC 20005

Phone (202) 973-3000
Fax (202) 973-3096

- Family caps will have a significant and discriminatory impact on women of color because they are disproportionately poor.[4] Moreover, family caps punish low-income women and their children while imposing no sanctions on non-custodial parents, over 90 percent of whom are men.[5]

The harm to already impoverished families that results from child exclusion laws can be seen in New Jersey, which began enforcing its policy in August 1993.

- A woman who became pregnant with triplets when her birth control failed was denied additional benefits under New Jersey's child exclusion law. She and her five children now live in one bedroom of a noisy, two-bedroom house. Her older children have suffered from sleep deprivation and her babies have become ill from these cramped conditions. Each month, she does not have enough money to purchase necessities such as diapers and medicine.[6]

- A woman who became pregnant despite using birth control scheduled an abortion when she learned that she would not receive increased benefits for an additional child. Because of her religious beliefs, she later decided not to have the abortion. After being homeless throughout her pregnancy, she now lives with her two children in a single room in a boarding house. Her rent is $3 more than her entire AFDC check, and she has no money to buy diapers, clothes, soap and other necessities.[7]

- One woman went on AFDC when her boyfriend left her and failed to provide financial support for their child. After New Jersey enacted its child exclusion law, she became pregnant again when she was raped by her former boyfriend. For religious reasons, she decided not to have an abortion. Because she was unable to find housing she could afford, she and her two children are homeless.[8]

Proponents of family caps argue that because welfare benefits increase modestly with the size of a household, recipients are encouraged to have additional children. Contrary to myth, however, increased assistance does not encourage childbearing. This flawed reasoning ignores the complex reasons that women have children and the realities of living on welfare. For the vast majority of women who receive public assistance, the added economic costs of an additional child outweigh any benefits from a slight increase in their monthly check.

- There is virtually no evidence that women on welfare have children to receive more public assistance money. A recent study found that women receiving welfare perceived having additional children as making the situation worse, not better. In addition, a number of studies have found that women on welfare are significantly less likely than those not on welfare to desire an additional pregnancy.[9]

- Contrary to myth, families receiving AFDC are not smaller in states that provide the lowest grant levels. The state with the highest percentage of AFDC families with four or more children -- Mississippi -- has the lowest grant level.[10]

- Teen birth rates do not correlate with the level of state assistance available. In 1989, the five states with the highest birth rates to women ages 18-19 -- Mississippi, Arkansas, Nevada, Arizona and New Mexico -- all had AFDC benefits below the national median. The states with the lowest birth rates to women age 18-19 -- North Dakota, Minnesota, New Hampshire, Vermont and Massachusetts -- had AFDC benefits above the national median.[11] A recent study by the Urban Institute found that the generosity of a state's AFDC program has little impact on young women's childbearing decisions.[12]

- Having additional children while receiving AFDC is not a lucrative venture. In 1993, Alabama provided only $27.00 and Mississippi and Texas only $24.00 for a second child.[13]

There are pro-choice approaches to welfare reform that will be more effective than child exclusion laws and will not infringe women's liberty. The majority of pregnancies experienced by women receiving AFDC are unintended, in part because low-income women face significant barriers to health care including contraceptive services.

- The Maryland Family Planning Program services fewer than half of the 200,000 low-income women at risk of unintended pregnancy.[14] Similarly, an AFDC client survey by the Nevada State Welfare Department indicated that almost 80 percent of pregnant AFDC applicants had never received family planning counseling.[15]

Family caps and other coercive legislative measures punish women for having children yet do nothing to help women prevent pregnancy. Policies that increase access to reproductive health care, including voluntary contraceptive services, as well as effective teen pregnancy prevention programs will promote responsible reproductive decision-making more effectively than government coercion.

In the past few years a disturbing trend has emerged whereby states are finding it more difficult to cut costs and growing numbers of legislators are reaching for coercive, quick-fix solutions that are really no solution at all. NARAL's tracking of state legislation affecting reproductive rights has documented that 33 child exclusion bills were introduced in 17 states this year alone. To date seven states have enacted child exclusion laws: New Jersey, Georgia, Wisconsin, Arizona, California, Nebraska and Virginia, though only three -- New Jersey, Georgia and Wisconsin -- are currently in effect.

There are many reforms being implemented by the states and considered by Congress that can help women achieve economic independence and children stay healthy. They include job training, educational opportunities, child care, nutrition programs, more vigorous enforcement of child support orders, and a renewed emphasis on teen pregnancy prevention. Early results of existing reform programs indicate that child support enforcement and helping families overcome barriers to employment are the most effective ways to promote economic independence.

- The Child Assistance Program in New York helps families move out of poverty and become self-sufficient by helping parents find employment and obtain child support. In the first year of the program, employment and earnings of participants increased by 25 percent and the numbers of new child support orders increased by 50 percent compared to non-participants.[16]

NARAL recognizes the compelling need for comprehensive welfare reform that ensures some state flexibility. We are asking Congress to support programs that will help women achieve economic independence and to reject social engineering experiments, like child exclusion policies, that will come at the expense of women's rights and the health of their families.

Notes:

1. University of Michigan Research and Training Program on Poverty, *Welfare and Out-of-Wedlock Births: A Research Summary* (Washington, DC: Center for Budget Priorities, June 1994).

2. Carnegie Task Force on Meeting the Needs of Young Children, *Starting Points: Meeting the Needs of Our Youngest Children* (New York: Carnegie Corporation of New York, 1994).

3. National Commission on Children, *Beyond Rhetoric: A New American Agenda for Children and Families* (Washington, DC: U.S. Government Printing Office, 1991), 29; Children's Defense Fund, *The State of America's Children, 1992* (Washington, DC: Children's Defense Fund, 1992), 26.

4. U.S. Bureau of the Census, *Poverty in the United States: 1992*, series P60-185 (Washington, DC: U.S. Government Printing Office, 1993), 5.

5. U.S. Bureau of the Census, *Poverty in the United States*, 6 (table 4).

6. "Declaration of K.H.," *C.K. v. Shalala*, No. 93-5354 (NHP) (D.N.J.), ¶¶ 3, 4, 5, 20, 21, 23, 27, 28, 29, 30.

7. "Affidavit of B.C.," *C.K. v. Shalala*, No. 2:93cv05354, ¶¶ 7, 9, 10.

8. "Affidavit of Q.A.," *C.K v. Shalala*, No. 2:93cv05354, ¶¶ 10, 13, 22, 23, 24, 25, 27, 33.

9. William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*, (Chicago: University of Chicago Press, 1987), 78-79; Mark Robert Rank, *Living on the Edge: The Realities of Welfare in America* (New York, NY: Columbia University Press: 1994), 78, 130-131.

10. Jodi Levin-Epstein and Mark Greenberg, *The Rush to Reform: 1992 State AFDC Legislative and Waiver Actions* (Washington, DC: Center for Law and Social Policy, 1992), 17-18.

11. *Ibid.*

12. Gregory Acs, *The Impact of AFDC on Young Women's Childbearing Decisions* (Washington DC: The Urban Institute, May 15, 1993), 17.

13. Committee on Ways and Means, U.S. House of Representatives, *Overview of Entitlement Programs*, 1993 Green Book (Washington, DC: U.S. Government Printing Office, 1993), 659-660.

14. Stanley K. Henshaw and Jacqueline Darroch Forrest, *Women at Risk of Unintended Pregnancy, 1990 Estimates* (Washington, DC: The Alan Guttmacher Institute, 1993), 64; State of Maryland Department of Health and Mental Hygiene Local and Family Health Administration, Office of Maternal Health and Family Planning, Request for Proposal, July 1993, 9.

15. Nevada State Welfare Department, *AFDC Client Survey*, August-September 1992.

16. William L. Hamilton, et al., *The New York Child Assistance Program: Interim Report on Program Impacts* (Cambridge, MA: Abt Associates Inc., 1992), vii-xi.

NCSAC

NATIONAL CHILD SUPPORT ADVOCACY COALITION

CHILD SUPPORT ENFORCEMENT

IT"S NOT EASY FOR ANYONE

The National Child Support Advocacy Coalition (NCSAC) is the oldest and largest national network of individual advocates and independent child support advocacy organizations across the nation. NCSAC membership offers a broad based perspective representing the interests of both AFDC and non-AFDC families. NCSAC interfaces with local, state and federal government officials and monitors both state and federal legislation.

The object of the child support enforcement program is to hold parents accountable for supporting their children and to collect this support. Due to a number of obstacles, this program has yet to meet Congressional expectations. The potential for child support collections has been estimated at over $47 billion by a White House task force on welfare. This estimate has nearly doubled since a 1984 national study set the collection potential at $24 billion dollars. Of the $13 billion support collected in 1993, state child support enforcement agencies collected $8 billion.

Furthermore, studies have proven it is not the inability to pay, but rather refusal to pay that has plunged children into the depths of poverty. Most non-custodial parents are able-bodied and can contribute to the financial support of their children. Simply put, they do not pay because they know they can get away without paying.

We cannot depend solely upon legislation to fix the problems. There has to be improved cooperation between the states and the federal Office of Child Support Enforcement. More importantly, there has to be increased public awareness that non-support is a crime and should not be confused with welfare.

To this end, the majority of NCSAC members offer the following recommendations as a collective effort to assist in the development of a more effective child support enforcement program. NCSAC emphasizes "Child Support Enforcement" is not synonymous with Welfare. They are separate issues and should be dealt with accordingly.

ORGANIZATION AND STRUCTURE

1. The Federal Office of Child Support Enforcement (CSE) program should be a single and "separate" agency, reporting to an Assistant Secretary. Unless the Child Support program is separated from the Welfare program, it will always be viewed as a social problem.

2. The State structure should mirror the Federal design with reporting authority to the Governor.

3. This combined show of strength would send a message to the general public that non-support will not be tolerated.

4. The CSE program should not be federalized in IRS or SSA.

FEDERAL COMPLIANCE WITH THE SOCIAL SECURITY ACT

Section 452 of the SSA sets forth duties of the Secretary of HHS. OCSE/HHS has failed miserably in the following:

1. Establish minimum organizational and staffing requirements.

2. Provide technical assistance to the States, for example: review of state computer contracts for compliance with federal regulations prior to execution of same, thereby saving millions in re-negotiations; distribution of Policy Interpretation Questions (PIQs) and responses to all State IV-D Directors, etc.

3. Receive applications from States to utilize U.S. Courts and follow through to completion.

4. Submit to Congress an annual report on all activities, not later than three months after the end of each fiscal year.

IMPROVEMENTS AT FEDERAL LEVEL

1. Equalize AFDC and Non-AFDC IRS tax intercept criteria. Currently submission threshold for AFDC is $150 and N-AFDC is $500.

2. Eliminate age 18 restriction in Non-AFDC IRS tax intercept cases.

3. Improve utilization of IRS full collection process.

4. W-2 forms should include child support withholdings.

5. W-4 reporting should be expanded to include Federal employees

6. Expand access to all tools available to IRS.
7. Amend the Fair Debt Collection Practices Act (FDCPA) to exempt collection of child support.

8. Amend the 1982 federal law permitting garnishment of military pay to comply with 1984 and 1988 child support withholding statutes.

9. Run annual SSN match against all federal agencies to identify delinquent civil service employees. Forward employment and medical insurance coverage data to states for enforcement.

10. Federal audits should measure performance rather than process.

11. Reconsider extending 90% Federal Financial Participation (FFP) for state automated systems.

12. Reactivate training contracts for legislators, judicial, state personnel and ABA Child Support Project.

13. Mandate all incentive moneys be reinvested in state IV-D programs.

14. Remove Non-AFDC incentive cap in order to increase interstate collections.

15. Extend FFP to reimburse state administrative costs for Non-IV-D automatic withholding cases.

16. Mandate universal statute of limitations for collection of child support arrears that would include exhaustion of all svenues (eg. Social Security Retirement Benefits, Pensions, Inherited Estates, etc. or upon death of non-psying parent).

17. Mandate states adopt Administrative Process.

18. Ratify United Nations Convention of 1956.

19. Establish a Central Agency through which States are mandated to enter reciprocal agreements with foreign countries participating in U. N. Convention of 1956.

20. Mandate corrective measures for delinquent parents at internationsl level, such as: confiscation of passports; improved detection at U.S. borders through SSN crosschecks.

21. Currently international child support cases are entered by states as interstate cases. Consequently, data on international cases is non-existant. Require States to collect and include data in tha Annual Report to Congress.

22. Add new categories to U.S. Bureau of Census studies on Child Support And Alimony to include: gender; residency; payment patterns; employment data (wage earner vs. self-employed); etc.

23. Extend FFP to reimburse states to enforce and collect medical arrears in IV-D cases

24. Mandate states to report all eligible AFDC and N-AFDC cases and amount of child support arrears to Credit Bureaus. Clarify which state is responsible for reporting arrears to credit bureaus in interstate cases.

PATERNITY

1. Require States to conduct DNA testing (specifically buccal swabs of saliva samples) at the birth of the child, rather than waiting until tha child is 6 months of age which is the current practice. In addition to expediting the paternity establishment process, it produces less trauma to the newborn child.

2. Establish support obligations at birth.

3. Provide 90 percent FFP funding for all administrative costs to establish paternity.

ENFORCEMENT

There is no argument that locate is the number one obstacle impacting the effectiveness of the current system. One cannot begin paternity establishment, enforcement or collection actions unless the non-custodial parent can be found. State and Federal Parent Locate Services do not meet the challenges that are posed by determined child support evaders, especially where non-paying parents possess multiple Social Security Numbers, the self-employed, and interstate cases.

Proposed legislation should be amended to require that all states access each other's driver's license, employment, unemployment, corrections, etc. through a single network. Currently, the Electronic Parent Locator Network (EPLN), which can be accessed without a Social Security Number, provides this service in nine states and could easily be expanded throughout the nation.

1. Standardize all forms (withholding, garnishment, etc.)

2. Revoke/restrict licenses, including profeasional, drivers, etc.

3. Prioritize payment disbursement: Current, Non-AFDC arrears, state AFDC reimbursement, tax liabilities

4. State systems and programs should be uniform throughout the state

5. States should contract with Credit Bureaus for reporting of debts and locating purpose

6. States should create central registry for all child support orders

FEDERALIZATION OF CHILD SUPPORT ENFORCEMENT

An overwhelming majority of NCSAC members do not support federalizing child support enforcement under the Internal Revenue Service (IRS). To do so, would be like "jumping out of the frying pan into the fire". Recent General Accounting Office (GAO) reports detail problems and deficiencies at the IRS. The problems at the IRS mirror those found in state child support enforcement systems.

* Staffing imbalances

* Flawed staffing methodology

* Case prioritization achemes

* Large numbers of low priority casea not worked

* Inadequate collection process

* Inaccurate data and statistics
* IRS systems are "outdated, inefficient, unintegrated and error prone."

* Accounting errors

* collection efforts auspended on 40% of inventoried accounts

* Tax payer's lifestyle not considered in payment of debt

* Uncollectible accounts increaaed over 178% since 1987

Aside from these internal problems, the IRS has never enthusiastically embraced enforcement of child support. The cost and time required to transfer entire caseloads and train federal personnel would be staggering. In addition, already impoverished single parents would be further burdened until the IRS expands it's offices and services. All in all, a unwelcome move of this magnitude could only result in utter chaos and disaster.

CHILD SUPPORT ASSURANCE

Upon close examination of the child support assurance process, one finds it difficult to deny the strong similarities between assurance and welfare. Like welfare, child support assurance is:

* a benefit program
* funded by the federal government
* primarily created for impoverished single parent families
* treats symptoms, rather than cause
* promotes more government control over family life
* creates more disincentives than incentives

Advocates admit that only with a stronger and more improved child support enforcement program will child support assurance succeed. The child support enforcement program cannot reach that point without time and money. Are child support assurance advocates willing to wait? Or are they willing to jeopardize both programs? Our tax dollars cannot adequately fund both programs at this time.

Opposition to this entitlement program has raised many unanswered questions.

* Does the (Garfinkel) total net cost estimate of $2.1 billion only include eligible welfare cases?
* What is the duration of eligibility for child support assurance compared to welfare?
* Has this been factored into the cost estimate? What is the breakdown for welfare cases versus non-welfare cases?
* Will this program be available to all parents in possession of a child support order?
* Is it economically sound to consider extending this program to parents without child support orders?
* What is the additional tax burden in this case?
* Without reliable statistics and data, how can you project program costs?
* Will it really be cost effective?
* Do we want to create another layer of bureaucracy?
* What are the additional costs of assured health benefits?

* Many support awards are much lower than the published benefit levels. What are the projected costs in these cases?

* With no sound data on cases outside the IV-D system, how can you project these costs?

Presently State IV-D personnel cannot adequately handle the current caseloads. Child support assurance will increase administrative costs and the need for additional staff. Each year states encounter a strong reluctance from state legislators to invest in the child support enforcement program. With the current trend to limit welfare to two years, state legislators will have second thoughts about pouring money into another entitlement program that so closely resembles welfare?

Upon close scrutiny, proposed and current demonstration projects in progress are confined solely to cases presently on welfare or where the parent has recently gotten off welfare. Without demonstration projects that include N-AFDC cases, there is no sound and admissible data to support the computer projected costs as reported to Congress. Crystal ball gazing and hypothesizing are not consistent with the current administration's thrust of "Reinventing Government".

In conclusion, child support assurance in it's current form will not "end welfare as we know it", but will only disguise it under another name.

For further discussion and explanation, please contact Irene von Seydewitz, NCSAC President (908)745-9197 or Betty Murphy, Director of Government Relations (703)799-5659.

TESTIMONY OF CHARLES KAMASAKI
NATIONAL COUNCIL OF LA RAZA

I. INTRODUCTION

Mr. Chairman and members of the Committee, my name is Charles Kamasaki and I am Senior Vice President of the Office of Research, Advocacy, and Legislation at the National Council of La Raza (NCLR).

NCLR is the largest, constituency-based, national Hispanic organization and exists to improve life opportunities for the more than 22 million Americans of Hispanic descent. NCLR acts as an umbrella for more than 170 affiliated Hispanic community-based organizations which together serve 37 states, Puerto Rico, and the District of Columbia, and reach more than two million Hispanics annually through a range of services.

NCLR also conducts applied research, analysis, and advocacy on behalf of the Hispanic community to ensure that Hispanics are adequately served by public policies. In particular, NCLR's Poverty Project works to improve the socioeconomic status of Hispanic families and children through research and public information efforts. In addition, since NCLR recognizes the role immigration policies and perceptions of immigrants play in both political and economic opportunities for all Hispanics, NCLR has been advocating for fair and effective immigration policies for over two decades to promote a fact-based Hispanic perspective on debates related to immigration.

On behalf of NCLR, I wish to express our appreciation to the Committee for the opportunity to submit our views and concerns on the relationship between financing of welfare reform and immigration, and how these issues affect the Hispanic community. My statement provides an overview of the U.S. Hispanic population, a review of Hispanic concerns regarding welfare reform, a discussion of legal immigrants and public benefits, and a summary of the implications for Latinos and immigrants of specific immigrant-related provisions of current welfare reform legislation. As a point of clarification, the terms *Hispanic* and *Latino* are used interchangeably throughout this statement.

II. OVERVIEW AND CURRENT SOCIOECONOMIC STATUS

Census data show that about one in 11 Americans is Hispanic (9.0%). Hispanics are more than one-third of the U.S. minority population (36%) and, as one of the fastest-growing and youngest population groups, are projected to become the nation's largest minority by 2007. About two-thirds of Hispanics (64.2%) were born in the U.S. In 1990, Hispanics from Mexico, Central America, South America, and the Caribbean represented about 43% of all foreign-born persons in the U.S.

The Hispanic population includes four major groups: Mexican Americans, the largest subgroup; Puerto Ricans; Cubans; and Central and South Americans. Hispanics live in every part of the U.S., but are heavily concentrated in five key states, including California, Texas, New York, Florida, and Illinois.

According to the Census Bureau, Hispanics are younger, on average, than other Americans and are more likely to live in households with other family members. Following the trend typical of all groups over the past decade, a growing number of Hispanic children live with only one parent; in most cases, these families are headed by women. Census data from 1991 indicate that 23.1% of all Hispanic families were headed by women, compared to 19.3% of White and 58.0% of Black families.

A summary of social and economic data indicate that many Hispanics are undereducated, face employment and housing discrimination, and are geographically concentrated in central cities in which the impact of economic restructuring has arguably been greatest. While Hispanic men are more likely to be working or looking for work than either Black or White men, Hispanic workers, as a whole, are most often employed in low-paying jobs with limited opportunities for advancement and few benefits, such as health

insurance. Hispanic earnings and income remain well below that of non-Hispanics, and the Hispanic unemployment rate is higher than that of non-Hispanics.

In particular, poverty among Latinos in the U.S. is severe. More than one in four Hispanics (28.7%) -- and almost two in five Hispanic children (40.4%) -- are poor. Hispanic female-headed families are especially likely to live below the poverty line. Almost half of Hispanic female-headed families (48.3%) lived in poverty in 1991; in comparison, nearly one-third (31.7%) of non-Hispanic female-headed families were poor. Several factors contribute to the poverty of Latinas and their children including low educational attainment and insufficient skills, like limited English proficiency; limited employment experience; restricted employment options, including part-time jobs and jobs that lack adequate benefits, like health insurance; lack of child support from non-custodial fathers; and Aid to Families with Dependent Children (AFDC) constraints.

III. WELFARE REFORM: CRITICAL ISSUES FOR THE HISPANIC COMMUNITY

Addressing the poverty of Hispanic single mothers and their families is critical to improving the socioeconomic status of the Latino community since almost half of all poor Hispanic families are maintained by women. Current welfare reform efforts are, therefore, of great interest and importance to the Latino community. In fact, recent focus group and survey research[1] indicate that Hispanics are dissatisfied with the status quo and are eager to support welfare reform; they share the belief that the goals of welfare should be to help people move into the workforce and become self-sufficient -- without harming poor families and children.

Hispanics are especially concerned with two aspects of welfare reform:

- **Education and training.** It is critical to ensure that Hispanics -- who have been historically underserved by federal training programs -- are equitably and effectively represented in education and job training programs designed to integrate AFDC recipients into the workforce. To that end, AFDC participants should not be treated differently from unemployed and dislocated workers, and should have access to a broad range of training options, including those administered by the Department of Labor. Additionally, in areas of high unemployment and remote areas where jobs do not exist, strategies for job creation are needed. In these cases, welfare recipients should not be punished by sanctions if they "play by the rules" but do not find a job. Moreover, child care is critical for single parents who are in school or training programs, as well as for those trying to complete advanced degree programs which would ensure job stability so that they do not have to return to welfare. Finally, emphasis should not only be on placement, but on helping recipients move into stable jobs that last. Recipients with very low educational levels or special needs must receive education of sufficient quality and duration to get and maintain a stable job. At the same time, their educational needs may disqualify them initially from more advanced training. The goal of permanent separation from the welfare system thus requires greater consideration of the education and training provided.

- **Financing.** One of the goals of welfare reform should be not only to reduce the number of welfare recipients but also to reduce poverty. The link, then, between welfare reform and immigration as a result of proposed financing options shifts the focus away from the real issues of the debate (i.e., work and self-sufficiency). Moreover, the inclusion of immigration-related issues has dire implications for the tone of the welfare debate and the effectiveness of welfare reform. It perpetuates the falsehood that immigrants come to the U.S. seeking welfare when research shows that the majority come to work and to be reunited with their families, and could result in denying benefits to residents who are here legally, contribute to the economy, and pay taxes. Thus, restricting benefits to some low-income families to pay for welfare reform runs counter to the overarching principles of any anti-poverty strategy.

IV. LEGAL IMMIGRANTS AND PUBLIC BENEFITS

A. Overview

The fact that the welfare reform debate is occurring at a time in which there is also a heated -- often hysterical -- public debate about immigration control has been a major factor contributing to proposals to finance welfare reform by cutting benefits to immigrants. The immigration issue has been clouded by extremist rhetoric, demagoguery, inaccurate but widely publicized "studies," and enormous misinformation. It is, perhaps, symptomatic of this intense and often unreasonable debate that public concern about undocumented immigrants has led to proposals to cut benefits to immigrants who are not only in the United States perfectly legally, but who are here because they are the closest family members of United States citizens. There are many in the immigration debate who seek to blur the distinction between legal and undocumented immigrants; some of these are arguing that the only persons legitimately entitled to programs designed to assist people in need are U.S. citizens. Proposals to bar all government programs to legal residents who are not yet citizens are perhaps the most extreme attempts to capitalize on anti-immigrant sentiment in order to advance various welfare reform proposals. But at some level, every welfare reform proposal which cuts benefits to any group of legal residents is based on a variety of serious misconceptions and myths about immigrant use of public benefits. The following section will present and quantify the facts about immigrants and benefits programs.

B. The Facts: Immigrants and Public Benefits

1. Use of Public Benefits by Legal Immigrants

It is a historic and fundamental tenet of U.S. immigration policy that those who come to our shores should not become burdens on the state. Accordingly, the government screens immigrants before they are granted a visa in order to establish that they are not "likely to become a public charge." This public charge exclusion is the single largest reason that visas are denied to would-be immigrants, and it appears to be extremely effective. Immigrants use public benefits far less than natives of the United States.* Among non-refugee immigrants of working age who entered during the 1980s, 2.0% report welfare income versus 3.7% of working-age natives.

2. SSI and Medicaid Use

The two major benefits programs which some immigrant families do use are the Supplemental Security Income (SSI) program and the Medicaid program. When U.S. citizens sponsor their elderly family members, many of them support their parents entirely for the "deeming" period and then turn to the SSI program for assistance in meeting their family's needs. For many working class families, the high cost of health insurance makes SSI the only practical means of obtaining medical care for their elderly parents or relatives with disabilities. SSI is, in many cases, the only program available to these families, since immigrants who enter the U.S. later in life are not here long enough to work the 10 years necessary to qualify for the Social Security retirement program. For many U.S. citizens who already provide for their parents for five years without assistance, further cuts in the SSI program may mean that they will be unable to reunite with parents, who may in turn have nobody to care for them in their home countries.

Unfortunately, recent increases in the number of immigrants using the SSI program have led to accusations that they are abusing the SSI program. In fact, immigrants do not "jump on" to SSI as soon as they are eligible. More than half (53%) of the immigrants who

---

* *Refugees, who are resettled in the U.S. through the explicit use of benefits programs, are an exception. The availability of benefits programs to assist in refugee resettlement is not targeted for cuts in most welfare reform proposals.*

come to join family members wait more than 5 years to apply for SSI, even though they were eligible to apply several years earlier; almost 30% wait more than 10 years to apply, and use SSI only to supplement their lower Social Security retirement pensions. One third of the immigrants using SSI are refugees and others who escaped repressive governments in such countries as the Soviet Union, Romania, Cuba, Cambodia, Laos, Vietnam, Afghanistan, and Iran. These eight refugee countries alone account for 40 percent of the alleged "big jump" in SSI use since 1989.

Though there has been significant media attention to alleged abuse by some immigrant groups of the SSI program, there is little evidence to support this claim. In fact, the Social Security Administration (SSA) has characterized reports of extensive abuse by legal immigrants as exaggerated. According to SSA, "only a very small subset of non-citizens who apply for SSI disability may be involved in fraudulent activities. SSA...does not characterize it [incidents of abuse] as a widespread problem."[2]

3. Economic Contributions of Immigrants

The economic contributions of legal immigrants to the United States are well documented. Immigrants earn almost $300 billion in income and pay over $70 billion in taxes, sums much greater than the $5.7 billion they use in welfare benefits when they fall on hard times.[3] There has been a great deal of public attention to a variety of studies attempting to quantify the costs of providing services to all immigrants, and weigh them against the economic benefits accruing from the presence of these immigrants in the U.S. The most credible estimates, which include a variety of non-welfare related programs like public education, indicate that immigrants contribute at least $30 billion <u>more</u> to government coffers than they use in services.[4]

Most of the attempts to create a "balance sheet" to quantify the costs and benefits of immigrants ignore the various and well-documented contributions of legal immigrants to the national economy. According to a recent synopsis of the literature prepared by the Urban Institute, not only do immigrants create more jobs in the economy than they fill, but recent immigrants from abroad create as much employment growth as internal migrants from other areas of the United States.[5] According to the U.S. Department of Labor, immigrants keep some U.S. industries competitive by increasing returns to capital, and increase aggregate employment through higher rates of self-employment than natives.[6] In addition, the positive economic contributions of immigrants to various sectors of the business community are only beginning to be documented. For example, in one business alone -- the U.S. long distance market -- ATT, MCI, and Sprint earned $6 billion from immigrant consumers in 1992, more than all federal welfare payments to immigrants combined.[7] Similarly, recent media reports indicate that, while immigrants are accused of causing California's recession, they are in fact largely responsible for that economy's <u>resurgence</u>. Immigrants in California have revived the housing market, spurring an economic recovery which, according to the *Wall Street Journal*, will expand "California's net [revenue] outflow to Washington to as much as $25 billion this year."[8]

V. IMPLICATIONS OF IMMIGRANT-RELATED FINANCING OPTIONS

Both the Work and Responsibility Act of 1994 and the Responsibility and Empowerment Support Program Providing Employment, Child Care and Training Act are being financed, either in part or as a whole, by restricting or denying benefits to <u>legal</u> immigrants ("noncitizens"). The Administration's plan proposes to extend the period of time from three to five years during which legal immigrants cannot receive assistance, while the House Republicans propose to eliminate <u>all</u> benefits for all legal residents. As discussed below, such proposals have serious implications for family reunification, increasing poverty, cost shifts to states, and expectations of naturalization programs.

A. Family Reunification

At their worst, the various welfare reform proposals, including the one offered by the Clinton Administration, undermine the fundamental principle of family reunification, which is the cornerstone of the nation's immigration law. The vast majority of immigrants who enter the country legally do so because their closest U.S. citizen family members petition for them, particularly parents, spouses, and adult children. Though there are other categories of immigrants, including those who are sponsored by employers and those who enter through lotteries that involve no sponsorship at all, only family immigrants are threatened by the proposed welfare financing scheme. It makes little sense to cut programs available to U.S. families while immigrants who were sponsored by employers or who were not sponsored at all are immediately eligible for welfare, and would continue to be under many of the welfare reform financing schemes, including the Clinton Administration's welfare reform proposal.

Though some proponents of immigrant cuts argue that it is reasonable to expect immigrants' sponsors to provide complete financial support, in fact the proposal raises serious equity questions. The U.S. benefits mightily from the economic activity of immigrants and their family members. The vast majority of families which will be affected by the proposed cuts include U.S. citizens, who pay taxes, and are less likely to use public services than natives. Reducing or eliminating the benefits which go to immigrant family members is tantamount to telling a large group of U.S. citizens that their tax dollars will contribute to the support of <u>other</u> people's parents, but not their own, simply because their parents are foreign born. Such a policy not only creates unnecessary distinctions between Americans based on citizenship status, but sends a signal to our proudest citizens -- those who became Americans by choice -- that even when they become U.S. citizens they and their families will continue to receive different treatment than their neighbors.

Moreover, among the groups most likely to be harmed by the proposed cuts are the 225,000 immigrants who have experienced a disability. For these immigrants, the SSI program is a lifeline to essential financial and medical help; without access to caretakers and other services that SSI makes possible, U.S. citizens may have to leave their jobs to care for family members with a disability. In those families where an immigrant is in an abusive situation, a category which can include elderly immigrants as well as women and children, reductions in public benefits will remove critical and even life-saving assistance, making the victim more vulnerable to a potentially abusive sponsor.

Finally, at their worst, proposals to finance welfare reform by cutting the availability of benefits for legal immigrants is a perversion of the current immigration debate, and an example of ugly divisive politics. Undocumented immigrants have become the scapegoat for a variety of social problems, ranging from pollution and environmental problems[9] to economic problems in the states. All of the elements of this debate, both reasonable and unreasonable, have focused on the effects of undocumented immigration; in fact, many of those calling most loudly for changes in immigration policy have clearly articulated the positive benefits of legal immigration and the need to keep the doors of the U.S. open to legal immigrants and their families. Proposals to finance welfare reform through cuts in benefits to legal immigrants have significantly muddied these waters, creating a false impression that legal immigration is a problem, and that legal immigrants are costly to the United States. Not only do these arguments do a great disservice to the millions of hard working Americans who are foreign-born and their many contributions to this nation, but they further an ugly and divisive atmosphere in which persons of ethnic appearance are singled out as "different," worthy of lesser treatment, and even un-American. At a time when the nation greatly needs policies and rhetoric which bring people closer together, this debate threatens to create further divisions and tensions, which serve no purpose other than to undermine the great and diverse community which is the strength of the United States.

B. Human Implications

In addition to undermining the principle of family reunification and jeopardizing the ability of some U.S. citizens to reunite with their closest family members, financing welfare reform by cutting benefits to legal immigrants has severe human implications. The following are examples of real people who will be affected by the proposed changes in benefits; they were compiled by the National Immigration Forum, whose membership consists of state and local governments, as well as organizations which provide services to immigrants and refugees throughout the U.S.

> *Juana and her husband left Cuba in 1982 to emigrate to Spain then, in 1975, the young family came to the U.S. to join relatives. Immediately after her arrival in Miami, her husband abandoned her and their two daughters. He has never been heard from since. Juana, faced with the responsibility of providing for her family on her own, immediately found work as a machine operator in a local factory, in addition to a job as a custodian in an adjacent Miami suburb. For the next 16 years, she worked hard, paid taxes, and raised her two daughters -- all without outside assistance, often working two jobs at a time. In 1991, at the age of 53, Juana was diagnosed with angina pectoris, arterial hypertension, diabetes millitus, and other conditions, which had disabled her. Her daughters, both of whom are now married with jobs and families of their own, provide Juana with some food and support each month, but are limited by their own economic responsibilities. Juana's church provided her with assistance during the pendency of the disability application, but is unable to provide long-term assistance. Juana's monthly income consists of her Social Security checks from her 16 years of work in the U.S., supplemented by SSI disability payments. She relies on SSI and Medicaid for her survival.*
>
> *Since 1950, Mrs. Moy has been a lawful permanent resident of the U.S. and the backbone of her family. At age 73, she has raised five children, juggled two concurrent jobs, and paid all her taxes. Although she is married to a U.S. citizen, he did not provide for her or the family. Mrs. Moy spent the majority of her life in the U.S. working two full-time jobs as a seamstress and presser. Almost all of her jobs paid less than minimum wage. Working so hard to support her family left her little time or energy to learn English. Despite the language barrier, she raised five productive U.S. citizens. However, she did so at the expense of her health. The repetitive movements of Mrs. Moy's work have left her suffering from permanent wrist and back injuries and carpel tunnel syndrome. Her children are currently financially strapped caring for their in-laws. Mrs. Moy depends on her Social Security, SSI and Medicare benefits as her regular means of support.*

These examples reflect the reality of immigrant communities in the United States. These are individuals who work hard and play by the rules; their first priority is to raise children who will be self-sufficient and successful. It is tragic that they have become a target of the welfare reform process. To deny them access to benefits simply on the basis that they are foreign-born and have not yet become citizens not only does a great disservice to these hardworking members of the community, but undermines the basic values of which this country is rightfully proud.

C. Cost Shift to States

By limiting or even eliminating the availability of benefits to legal immigrants, the various welfare reform proposals threaten to create an enormous cost shift to states and local communities which will be unwilling or unable to tolerate conditions resulting from reductions in assistance to those who need it. In particular, states like New York and California will be faced with enormous pressure on public assistance programs, public health

clinics and other local resources. Food banks, health centers and other non-profit community groups, which already shoulder major responsibility in providing assistance to newcomers and other low income groups, would face increased burdens on their services. Inner-city communities whose future is central to successful anti-poverty strategies -- many of which are currently being revitalized by immigrants -- are the communities most threatened by this withdrawal of federal help. More than 93% of immigrant families live in urban areas such as Miami (where 46% of residents, including citizens, were born abroad), Los Angeles (33% born abroad), and Jersey City (29% born abroad). Denying assistance to persons who have fallen temporarily on hard times makes it more difficult for them to get back on their feet, harming both their families and their communities.

D. Naturalization as a "Solution" for Immigrants Denied Benefits

Many of the proponents of cuts in benefits to immigrants who are not yet U.S. citizens argue that those affected by the cuts, like those mentioned in the examples given above, can simply naturalize in order to maintain their eligibility. There are a variety of reasons that this is simply not true, especially for the group of immigrants most vulnerable to reductions in benefits programs. Most immigrants do not naturalize as soon as they are eligible. In fact, for immigrants from many parts of the world, the wait is considerably longer. For example, immigrants from Latin America typically wait nine to 15 years to naturalize. European immigrants typically wait ten years before becoming citizens.[10]

The group most likely to be affected by cuts in benefits programs, the elderly, blind and disabled family members of U.S. citizens, are the group least likely to naturalize. Though the naturalization laws provide more lenient procedures to persons over 55 years of age, these procedures only apply to those who have lived in the United States for at least 15 years. Data from the Immigration and Naturalization Service (INS) show that age plays a role in the decision to naturalize. According to the INS, "The probability of naturalizing...is highest for persons who were 23 years old when they became immigrants....Age 40 is the dividing line for naturalization rates above and below average."[11] According to INS data, after approximately age 50, naturalization rates drop well below 20%.

Several studies document significant obstacles to the naturalization process which deter would-be citizens from applying. The first of these is the relatively unfriendly process at the INS. Very little outreach is conducted; applicants must get their own application forms, which in some cases can only be obtained after a significant wait at a busy INS office. Application forms are in English, and often are returned if not filled out correctly. After forms are submitted, many overburdened INS districts have long waiting periods before an interview is scheduled. For example, in Los Angeles the current wait for a naturalization interview is 210 days, in San Francisco the wait is 360 days.[12] Fear of the application process, a substantial naturalization fee, unavailability of English classes, and long processing delays have all conspired to keep many of those eligible for and interested in naturalization from actually going through the process. Even if these factors were to change, the INS is unable to keep up with current application levels, let alone increased levels. Some advocates estimate that, if the over 9 million immigrants eligible for naturalization were to apply, it would take the INS 50 years to process their applications.[13]

The INS interview and the naturalization examination also deter many would-be citizens. Many are reluctant to go through the process unless they have taken English and civics classes, which are in short supply. Many others are so terrified of the exam and the INS interview that they avoid the process altogether.[14] While the INS has recently announced its plans to improve the process somewhat, these plans have not yet been fully outlined, nor have funds been appropriated to fulfill them.

VI. CONCLUSIONS AND RECOMMENDATIONS

Taken together, the above discussion suggests that the decisions made regarding financing of welfare reform must ensure that benefits will not be restricted for any segment of the poor -- including legal immigrants. In particular, the National Council of La Raza urges the House Committee on Ways and Means to:

- **Reject financing provisions that take resources away from one group of low-income Americans to pay for welfare reform.** Paying for welfare reform in part by making it more difficult for elderly, blind, and disabled legal immigrant family members of U.S. citizens to receive Supplemental Security Insurance (SSI) threatens their health and well-being, and may exacerbate poverty among immigrant communities -- an outcome contrary to the goals of welfare reform. Such a proposition creates unnecessary distinctions among the poor and diminishes the legitimacy of a public policy aimed at reducing the nation's poverty. Moreover, even steps in this direction -- including the Administration's proposal -- are highly dangerous in that they legitimize and facilitate increasingly punitive proposals. We believe that if such proposals go forward, the fundamental welfare reform debate issues will be obscured by tangential immigration discussions. The Hispanic community is eager to change the status quo, but cannot be supportive of any efforts which do so at the expense of other vulnerable populations currently receiving public assistance.

- **Firmly respond to the anti-immigrant sentiment and negative tone of the welfare reform debate.** Recent floor debates, public discussions, and media reports have blamed a host of social and economic problems on immigrants and have contributed to anti-immigrant sentiment. Such rhetoric also promotes anti-Latino feelings as well as discrimination. How the Congress responds or does not respond to the recent connections between welfare and immigration is extremely important. We urge members to not target immigrants and to voice strong opposition to proposals which are punitive, harmful, and seek to scapegoat Latinos and other immigrants. We also encourage members not to add to the divisive debate by considering such misguided approaches.

- **Consider and continue to seek alternative financing options for welfare reform that protect the poor.** There are other ways to finance welfare reform which are more consistent with the overall goals of anti-poverty strategies and which would not be perceived as attacks on any one group. For example;

  . Reduction of tax subsidies for corporate debt financing;

  . Taxation of gambling profits of casinos; and

  . Increased taxation of profits earned abroad by U.S. corporations.

  Only these and other progressive financing options, which generate revenue from stable sources, should be considered.

NCLR shares the Committee's concerns and interests. We are eager to work with you to ensure that welfare reform fairly and adequately provides options for Hispanic and other poor single mothers, and is financed in a progressive, balanced way. Thank you again for the opportunity to submit a statement on these issues.

ENDNOTES

1. See Garin, Geoffrey, Guy Molyneaux, and Linda Divall, "Public Attitudes Toward Welfare Reform: A Summary of Key Research Findings," Washington, D.C.: Peter D. Hart Research Associates and American Viewpoint, 1993; also, Rodríguez, Eric, "Hispanics Express Concern Over Welfare System," *NCLR Poverty Project Newsletter*, Volume 6, Number 1, Spring 1994.

2. Office of Social Security Administration (SSA), Correspondence between SSA staff Dick Griffith and Brandon Mitchell, of the Congressional Hispanic Caucus, July 20, 1994.

3. *Setting the Record Straight*, *op. cit.*

4. *Ibid.*

5. *Ibid.*

6. *The Effects of Immigration on the U.S. Economy and Labor Market*, Washington, D.C.: U.S. Department of Labor, 1989.

7. "A Blooming Business in Any Language," *The Washington Post*, May 4, 1994.

8. "Immigrants Lead a Recovery," *The Wall Street Journal*, April 22, 1994.

9. See the comments of Senator Harry Reid (D-NV) on the floor of the U.S. Senate during the debate on the Veterans Administration/Housing and Urban Development Appropriations Legislation, August 4, 1994.

10. Data from Immigration and Naturalization Service, as cited in Young, Wendy, *Unlocking the Golden Door*, Washington, D.C.: National Council of La Raza, 1991.

11. *1992 Statistical Yearbook* of the Immigration and Naturalization Service (INS). These data are from an INS analysis of a single cohort of immigrants, those who arrived in 1977, to determine the naturalization rate; that is, the percentage of persons eligible to naturalize who actually go through the process.

12. Statistics from the American Immigration Lawyers Association Monthly Mailing, January 1994.

13. From comments given by Kevin De Leon, One Stop Immigration and Educational Center of Los Angeles, at the National Summit Conference on Immigration, Riverside California, January 7, 1994.

14. These and other obstacles are documented in several reports, particularly *The National Latino Immigrant Survey*, Washington, D.C.: National Association of Latino Elected and Appointed Officials, 1989.

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE UNITED STATES OF AMERICA

Church World Service

475 Riverside Drive New York, NY 10115-0050

IMMIGRATION AND REFUGEE PROGRAM Elizabeth G. Ferris *Director* Tel (212) 870-3300 Room 664

STATEMENT TO THE PRESS

FOR IMMEDIATE RELEASE
CONTACT: Jane Lowicki, 212/870-3153

CWS/IRP OPPOSES ANTI-IMMIGRANT MEASURES IN WELFARE REFORM PROPOSAL

Washington, D.C., August 9 -- As the House Ways and Means Subcommittee held hearings today on transitional assistance, work, the role of the state in welfare reform and welfare financing issues, the Church World Service Immigration and Refugee Program (CWS/IRP) announced that it opposes efforts by the President and Congress to fund welfare reform on the backs of legal immigrants. CWS/IRP calls on the President and Congress to review its welfare reform proposals and find an alternative financing mechanism that is fair to all United States residents.

"Legal immigrants work, pay taxes and are eligible to be drafted by the military to defend the US. But, under the new welfare reform proposals put forth by the President and members of Congress, funding will be achieved by harming those legally within our borders access to temporary support when they fall on hard times," stated Abigail Price, CWS/IRP Washington Representative. "Treating one American differently than another does not make sense and is unfair."

CWS/IRP raises the following key points:

* **The President's financing mechanism is inequitable**

The President has proposed to pay for a significant portion of his welfare reform package by denying legal immigrants access to public assistance programs. Immigrants pay taxes and are, in fact, an economic benefit to the country. However, the President and Congress want to bar them from accessing public assistance programs.

* **Women and children are placed at risk**

By extending the deeming period from three years to five, and in some cases until citizenship, many abused women and children will be forced to stay with their abuser. If the relationship between an immigrant and his or her sponsor becomes strained or severed, the immigrant is still dependent on that sponsor. This often leaves vulnerable people with no where to turn to for assistance, thus forcing them to stay with their abuser. Furthermore, the proposal will likely reduce immunization rates among immigrant children, and proposed cuts in Food Stamps will negatively impact the health and nutrition of young children.

* **The proposal places states at risk of bearing the costs**

Though the Administration's proposal claims that states will be allowed to deny legal immigrants access to state welfare programs, many state constitutions do not permit this. Some states with "equal protection" clauses in their constitutions cannot discriminate against individuals based on their immigration status.

TESTIMONY PRESENTED BY THE NATIONAL FAMILY PLANNING AND REPRODUCTIVE HEALTH ASSOCIATION ON WELFARE REFORM AND FAMILY PLANNING
August 12, 1994

Mr. Chairman, distinguished members of the Subcommittee, my name is Judith DeSarno. As President of the National Family Planning and Reproductive Health Association (NFPRHA), I am pleased to present this testimony on the issue of welfare reform.

NFPRHA is a nonprofit membership organization established in 1970 to improve and expand the delivery of voluntary family planning and reproductive health care throughout the United States. NFPRHA's mission is 1) to assure that every pregnancy and every birth is intended; 2) to promote reproductive health, and 3) to assure that every individual has full reproductive rights and access to needed family planning services and information. NFPRHA represents the entire family planning community, including state and local health departments, hospital-based and freestanding clinics, Planned Parenthood clinics, and family planning councils. Virtually all of the grantees funded under Title X of the Public Health Service Act are members of NFPRHA. Together, they provide services to over four million low-income women, men and adolescents at more than four thousand clinics nationwide.

Mr. Chairman, NFPRHA is pleased that the Administration's welfare reform plan, "The Work and Responsibility Act of 1994," has, as its core, the recognition of the adverse health, social, and economic consequences of teenage childbearing. Likewise, we are gratified that the bill, which includes some positive -- albeit modest -- provisions which could increase access to family planning information, education, and services.

As you know, Mr. Chairman, family planning has long been recognized for providing extremely important and cost-effective services. I cannot stress enough the importance of affording **all women** the ability to control their fertility. If often has a major empowering effect on an individual's life. But this bill, which effectively mandates that women control their fertility, does little to increase access to the contraceptive services that are a prerequisite to achieving this goal. As the national health care debate enters its final stage, the likelihood of universal access to affordable health care -- including universal access to reproductive health care services -- seems to grow more distant by the minute. Therefore, we must point out at the outset the fundamental unreasonableness of a welfare plan which holds women accountable for controlling their fertility while relying on a virtually extinct Administration health care proposal to assure access to the means for this control -- namely universal and affordable access to contraceptive services and supplies. Therefore, I must urge you and your colleagues to take affirmative steps to assure the continuation of the Title X family planning system and to significantly increase funding for this beleaguered program.

Having said that we are disappointed that the Administration's often stated commitment to family planning -- without the programs and funding to back up this commitment -- this plan does contain some positive provisions. We support the provisions which will require and that custodial teen parents under 20 be assigned case managers who facilitate access to family planning services We also support the proposed funding for community-based adolescent pregnancy prevention programs, comprehensive adolescent pregnancy prevention demonstration projects, and the creation of a national clearinghouse on adolescent pregnancy prevention.

NFPRHA is pleased that the bill requires States to assign case managers to each custodial parent receiving AFDC who are responsible for monitoring progress in attending school and assisting in obtaining appropriate services including family planning. Current research clearly indicates that this emphasis on individualized counseling is well-placed. However, we must emphasize that case managers need to be both knowledgeable about family planning and comfortable with the topic in order to be effective. In order to be successful, case managers will, in most cases, need specific training in family planning order to effectively assist clients. The need for such training through evaluations of demonstration projects which have, in

theory, provided intensive family planning counseling have often failed to reduce pregnancy rates when counselors were uncomfortable discussing family planning needs and practices or lacked sufficient knowledge of family planning services.

NFPRHA also supports the bill's funding for adolescent pregnancy prevention grants to fund school-linked and school based pregnancy prevention programs targeted to adolescents and their families in high-risk areas. We are concerned, however, that the focus on classroom instruction and mentoring will be at the exclusion of service delivery. We are also concerned that, because schools will be the focal point for instruction, that many of the programs will not reach many of the young men and women who are no longer enrolled in school.

While we are certain that these provisions are well-intentioned and feel that they could prove successful in some areas, we know that the magnitude of the problem calls for a national strategy which goes far beyond the program envisioned in the bill -- a program which is limited to 1,000 schools and a handful of comprehensive demonstration projects.

That an all-out national effort is imperative is borne out by some simple statistics:

- Over a five-year period, (1986-1991), the teenage pregnancy rate for 15-19 year olds rose 24 percent.
- Each year more than 1 million teenagers become pregnant and over one-half give birth.
- By the age of 18, 1 in 4 teenage women will become pregnant at least once.
- Nearly 1 in 5 teenagers who experience a premarital pregnancy become pregnant again within a year.

These high rates of teen pregnancy reflect a growing trend in the United States of adolescents engaging in sexual intercourse at younger ages. The statistics also point up that many teens are using contraception either ineffectively, inconsistently, or not at all -- putting them at risk for both unintended pregnancies as well as sexually transmitted diseases. These statistics are even more startling when compared with adolescent pregnancy rates in other industrialized countries -- which are less than half of the U.S., despite similar patterns of sexual activity among teens. In general, these differences are attributed to a climate that is more accepting of sexuality in general, and adolescent sexuality in particular, the presence of media which promote use of contraception, and universal access to health care.

While some recent press coverage has focused on those pregnant teens who genuinely want to bear children, research consistently indicates that a far greater percentage of teenage pregnancies are unintended, with studies estimating the percentage of unintended births at an amazing 70-85 percent. This one statistic alone points out the immediate need for sexually active teens have affordable and easy access to counseling and contraceptives.

For teens, particularly young teens, some of the barriers to contraceptive use include the following:

- high cost of health care in general
- lack of insurance coverage for low income groups
- lack of knowledge about contraceptive services and incorrect impressions of the health risks and benefits of various contraceptives
- bureaucracy in receiving contraceptive services
- concerns about confidentiality

- lack of transportation, and
- psychological barriers, including a reluctance of teens to admit that they are sexually active or a belief that intercourse must be spontaneous.

It is only by addressing and resolving myths and fears about sexuality and contraceptives -- and by providing information about the availability and location of affordable services -- that we can hope to reduce the current level of adolescent pregnancy and childbearing. Clearly, if our main focus in the effort to prevent teen pregnancy is on promoting individual responsibility, we must provide young people with the tools to be responsible and to control their fertility. We hope that projects funded by the adolescent pregnancy prevention grants will emphasize the role of young men in pregnancy prevention and go beyond paternity establishment and condom distribution. These programs need to help young men understand responsibility, gain knowledge, have access to family planning services, and learn to communicate with young women in a respectful manner.

One program which is often cited for its success with younger adolescents is "Postponing Sexual Involvement," run by Grady Memorial Hospital in Atlanta. The program begins with traditional sexuality education, but builds on this curricula by bringing in older teenagers who put on skits, lead discussions, and facilitate role-playing to help teens learn how to resist social and peer pressure to have sex, how to say "no" politely and effectively, and how to deal with other uncomfortable situations. The program director attributes its success to the scope of the classes and the use of a credible role model to convey the information. For teenagers who don't really want to say "no" the program stresses down-to-earth information and easy access to contraceptives. This one-on-one involvement combined with a consistent message appears to be the key to its success.

While the Grady program has been successful, the data also suggest that this so-called "abstinence-plus" approach, which emphasizes the importance of delayed sexual activity, is <u>not</u> well suited to older teens, most of whom are already sexually active. Providing age-appropriate sexuality education means that educators and service providers recognize that current social mores dictate that sex among teens, particularly, older teens, is a widely accepted phenomenon.

School-based education and skills-building programs, while quite successful if done correctly, often exclude two of the groups most in need of education, counseling, and health services -- out of school teens and those who are already parents. Teens who have been pregnant once are also at high risk for repeat pregnancies. In fact, roughly one quarter will become pregnant within a year after the birth of their first child and half will become pregnant within two years. Prior to the birth of a second child the vast majority of teen parents use some form of birth control, although often without a great deal of success. For this reason, it is imperative that we focus attention on increasing the consistency and effectiveness of contraceptive use among teenagers who do not want to become pregnant.

While we at NFPRHA recognize that access to family planning services alone will not necessarily translate into consistent use of contraceptives, it is nevertheless a prerequisite to effective fertility control. Research demonstrates that programs which combine education and service delivery are more effective than when either approach is used alone. For example, a three-year pregnancy prevention program in Baltimore involving high school students tied basic sexuality education to easily accessible no-cost clinical services. The project reported increased contraceptive use, decreased rates of pregnancy and delayed initiation of sexual activity. For this reason, we in the family planning community are disappointed that the bill does not have a stronger service component and, in fact, merely encourages coordination of prevention programs with other community agencies, omitting any explicit reference to family planning providers or family planning services. This necessary and obvious linkage to family planning <u>services</u> is only required for the 5-7 comprehensive demonstration projects to be funded -- projects which sound promising, but are too limited in scope to have a national impact. At the very least, we hope that these myriad prevention programs can be evaluated quickly and that any insights into what works can quickly be translated into large-scale viable

programs immediately.

We cannot afford to lose sight of our goal of assuring that every pregnancy is intended is to ensure that teens have access to comprehensive and affordable family planning information and services. Nor can we afford to overlook or minimize the existence of the Title X system of family planning clinics, a national network of over 4,000 clinics which have been providing culturally competent, confidential and comprehensive reproductive health services to low income men, women, and adolescents since 1970. Because clinics provide services for free to individuals under 100 percent of the federal poverty level and on a sliding fee scale up to 200 or 250 percent of the federal poverty level, one of the major barriers to contraceptive use -- the high cost of health care -- is not present. The system is also utilized extensively by adolescents -- estimated at more than 1.5 million annually -- because of the legal requirements that services be confidential and that only the adolescents income be taken into consideration in determining charges. Most importantly, services can be accessed by teens before they become pregnant.

I would like to emphasize that, while we support a number of the pregnancy preventing initiatives included in the Administration's bill, these programs can only succeed in conjunction with a national program which guarantees universal health insurance and covers a full range of reproductive health services. We can also not afford to ignore the proven track record of the Title X program. With additional funding, Title X clinics could provide increased outreach, education, and direct services to adolescents at risk for unintended and unwanted pregnancies -- the patients which they have been serving well for over 20 years.

In our efforts to address what often seems like an intractable problem, we cannot lose sight of the fact that it is factors such as poverty, school failure, peer influences, parental monitoring, and aspirations for achievement which are far more influential incentives for early childbearing. Despite the fact that these conclusions are widely accepted, the President's bill includes a proposal to allow states the option to deny already meager benefits to women who bear additional children while on AFDC. We feel that this policy comes dangerously close to being coercive and reflects the erroneous belief that additional welfare benefits are the driving force behind women's decisions to have additional children. In reality, Mr. Chairman, the only effect will be to make poor families even poorer.

Instead of relying on such punitive measures as "family caps" and a two-year lifetime limit on benefits to dictate what are inherently complex decisions, we need a sustained, coordinated, commitment to comprehensive, incremental, and long-term pregnancy prevention programs from communities, educators, religious leaders, parents, teenagers themselves,a nd the government. There are no easy answers. In the end, only a comprehensive approach to reproductive health services, including a program of education , medical and counseling services, will help young people stay healthy and in school, reduce poverty, exposure to HIV/AIDS, and dependence on government assistance.

It is now up to Congress and the Administration to ensure that access to critical family planning information, counseling, and services is an integral part of a comprehensive approach to "ending welfare as we know it." Common sense dictates that we build on the Title X program -- a program which has been extremely successful in providing outreach, education, and reproductive health services to low income Americans. We call upon you to support a program which can truly assist young men and women in exercising personal responsibility in a cost-effective manner.

I thank you for the opportunity to present this testimony and would be pleased to respond to any questions you may have.

National Society of Professional Engineers

Statement
of the
National Society of Professional Engineers
on
The Work and Responsibility Act of 1994
(S. 2224/H.R. 4605)

August 5, 1994

The National Society of Professional Engineers (NSPE) is opposed to two provisions of President Clinton's welfare reform proposal, the Work and Responsibility Act of 1994 (S. 2224/H.R. 4605). We are opposed to Section 667, which requires states to adopt procedures to withhold or suspend professional and other licenses of individuals who are delinquent in their child support obligations. We are also opposed to Section 907, which extends the Superfund corporate environmental income tax for the purpose of financing welfare reform. **We urge Congress to exclude Sections 667 and 907 from its final version of welfare reform legislation.**

The National Society of Professional Engineers was founded in 1934 and represents 70,000 engineers and engineering students in 535 local chapters and 54 state and territorial societies. NSPE is a broad-based interdisciplinary society representing all technical disciplines and all areas of engineering practice, including government, industry, education, private practice, and construction.

License Sanctions (Section 667)

Section 667 of the Work and Responsibility Act of 1994 (S. 2224/H.R. 4605) requires the states to adopt procedures to withhold or suspend, or to restrict the use of professional and other licenses of individuals who are delinquent in their child support obligations. **While we strongly support federal and state government efforts to use enforcement procedures to execute court judgements, we feel that the license sanctions mandated by Section 667 are an inappropriate use of this authority.**

Unfunded Mandate on State Government

By mandating that the states adopt license sanction procedures (as a condition for receiving federal financial assistance), **Section 667 infringes on the traditional prerogative of state governments to regulate professions and occupations.** We are not alone in this sentiment. In fact, several members of the U.S. Commission on Interstate Child Support expressed similar objections to license sanction recommendations that were included in its final report to Congress. Those Commissioners appropriately recognized that licensure matters were within the province of state government. Because the states, not the federal government, operate the licensing programs, they are in a better position than is the federal government to determine whether license sanctions are an appropriate enforcement tool.

Section 667 appears to be premised on the flawed assumption that state legislatures will fail to adopt license sanction procedures unless compelled to do so by the federal government. This assumption ignores the fact that the legislatures of Arizona, Arkansas, California, Iowa, Maine, Montana, South Dakota, Vermont, Virginia, and possibly others have already adopted such laws and that other states are also considering similar legislation, without any mandate from the federal government. Section 667 smacks of inappropriate federal paternalism particularly because the states clearly expressed their interest in considering license sanctions long before the federal government. **Enactment of Section 667, therefore, would unnecessarily aggravate tension between the federal government and the states.**

Furthermore, **enactment of Section 667 would impose an unfunded mandate upon the states**, as the legislation does not propose to reimburse the states for the cost of implementing the federal mandate. Funds for implementing the federal mandate will have to come directly out of the budgets of state licensing authorities. This will result in the diversion of personnel and financial resources away from the agencies' other activities, such as investigation of violations of and enforcement of the state licensing statutes. **Adoption of Section 667 would, therefore, impede the licensing authorities' ability to fulfill their primary responsibility of protecting the public from unscrupulous or incompetent practitioners.**

Constitutional Concerns

We also believe that efforts to revoke, limit, or disqualify licensees from lawful practice based upon non-practice related criteria, as proposed by Section 667, are troublesome on constitutional grounds and will set an alarming precedent by placing the discretion and authority to determine the practice qualifications of licensed professionals outside of the authority of the appropriate state licensing board. Among our concerns in this regard are the following:

- Non-practice related criteria restrain the right of citizens to practice a profession by creating a wholly unrelated and arbitrary standard by which one's fitness to practice a profession is judged;

- Non-practice related criteria are typically vague and overly broad and grant too much discretion and authority to enforcement officials;

- Non-practice related criteria are applied selectively only to those individuals required to hold a license to practice a profession, thus discriminating against those individuals; and

- Non-practice related criteria frequently require, under penalty of law, that all seeking licensure or renewal make self-incriminating statements or face fines or other penalties.

In its eagerness to adopt "get-tough" child support enforcement approaches that grab headlines, such as the license sanctions proposed in Section 667, Congress and the Administration may end up trampling on the rights of states and individuals in the process. We recommend instead that Congress evaluate the numerous other enforcement provisions contained in S. 2224/H.R. 4605 and other child support enforcement legislation as an alternative to mandating the states to adopt license sanctions. We are confident that upon closer evaluation, license sanctions will prove to be a tool that can easily be left to the states' discretion compared to other more far-reaching proposals in which a federal role is more appropriate.

Superfund Corporate Environmental Income Tax (Section 907)

Section 907 of the Work and Responsibility Act of 1994 (S. 2224/H.R. 4605) extends the Superfund corporate environmental income (CEI) tax into 1998 for the purpose of financing welfare reform. The CEI tax is currently scheduled to expire in 1995.

We strongly believe that taxes imposed for a specific purpose, such as the CEI tax, should be directed to the purpose for which it was imposed. If the purpose for the tax no longer exists, then it should be repealed rather than redirected to other non-related programs. **Accordingly, it is our position that any revenues generated by extension of the CEI tax or the special excise taxes on petroleum, hazardous chemicals, and selected imported substances, should continue to be directed to the Hazardous Substance Superfund.**

These special taxes were imposed on industry and corporations expressly for the purpose of funding hazardous waste remediation. Diversion of revenues generated from the Superfund's component taxes to finance welfare reform or other non-Superfund purposes is a violation of the understanding on which the tax was agreed to by the public, the private sector, and Congress. Any change in the Superfund tax structure that would jeopardize the nation's ability to address its lingering hazardous waste problems is contrary to the public interest.

We appreciate the opportunity to submit comments on the Work and Responsibility Act of 1994 and look forward to continuing to provide assistance to Congress as it develops comprehensive welfare reform legislation. Thank you for considering our views.

Further information on this position can be obtained by contacting Bob Reeg in the NSPE Government Relations Department at 703/684-2873.

THE
NAVAJO
NATION

P. O. DRAWER 308 • WINDOW ROCK, ARIZONA 86515 • (602) 871-6352-55

PETERSON ZAH
PRESIDENT

MARSHALL PLUMMER
VICE PRESIDENT

WRITTEN STATEMENT
OF
THE NAVAJO NATION
PRESENTED TO
THE SUBCOMMITTEE ON HUMAN RESOURCES
OF
THE HOUSE WAYS AND MEANS COMMITTEE
ON
H.R. 4605, THE FAMILY AND RESPONSIBILITY ACT OF 1994
AUGUST 31, 1994

Introduction

The Navajo Nation appreciates this opportunity to submit comments on H.R. 4605, the Work and Responsibility Act (the "Act") of 1994. We view this welfare reform plan as a positive step toward improving welfare programs and assisting current welfare recipients with real opportunities to become self-sufficient. In that regard, the Navajo Nation supports the general concepts of the welfare reform plan; however, we have several concerns with provisions that impact the Navajo Nation.

In our analysis of the Act, many programs and incentives for welfare recipients and the respective welfare programs and organizations such as WORK are concentrated on metropolitan areas that have existing welfare systems and work programs. The Act assumes that many rural areas, like American Indian reservations and Alaska Native villages, provide necessary infrastructure and employment options. Indian reservations experience high unemployment rates that are two or three times higher than the national unemployment average. The high unemployment rate on Indian reservations contributes to the increase and dependency on Aid to Families with Dependent Children ("AFDC") programs. Indian tribes or Alaska villages experience limited access to welfare benefits provided through the state and to tribal Job Opportunities and Basic Skills ("JOBS") program. In many instances, the eligibility requirements for JOBS and transitional assistance deters many eligible AFDC recipients from using their AFDC benefits for basic living expenses. These AFDC recipients seek alternative welfare resources, such as the Navajo Nation General Assistance (a tribal welfare program that provides limited cash assistance), depleting the Indian tribe's General Assistance resource and denying financial assistance to those ineligible for AFDC.

Background of the Navajo Nation

The Navajo Nation is the largest Indian tribe in the United States. With over

220,000 enrolled members (constituting more than thirteen percent of all Indians), the Navajo Nation spans more than 17 million acres within the states of Arizona, New Mexico, and Utah (36 percent of all Indian lands in the lower 48 states). Comparable in size to the state of West Virginia, the Navajo Nation has a rural population density of about six persons per square mile. The median age is 19 years of age. The Navajo population also is growing twice the national rate.

Like most American Indian reservations, we are affected by problems associated with a seriously depressed economy. Fifty-six percent of Navajo families live below the poverty level and our unemployment rate is thirty-six percent to more than fifty percent, depending on the season. Our per capita income averages $4,106 annually in comparison to the United States per capita income of $19,082.

These uncommon characteristics coupled with major obstacles that Navajo AFDC recipients experience when attempting to leave welfare are enough to disillusion many from seeking employment. Among the obstacles that Navajo AFDC recipients encounter are: (1) limited employment opportunities; (2) lack of housing, transportation and child care services; (3) alcohol and substance abuse problems; (4) limited training opportunities; (5) low or minimal wages; and (6) other disincentives for working. Combinations of these difficulties have discouraged AFDC recipients to relinquish their benefits and enroll in the Navajo Nation General Assistance ("NN GA") program. The NN GA is a last resort for limited cash assistance but many former AFDC recipients are the clients. Under these circumstances, qualified AFDC recipients deplete NN GA resource and the demanding requirements of AFDC benefits discourages many qualified Navajo AFDC recipients from participating in the AFDC programs. Subsequently, Navajos ineligible for AFDC are unable to receive financial assistance from NN GA.

Limited Employment Opportunities:

The Navajo Nation and Indian country, in general, experience massive infrastructure deficiencies, geographic isolation and perhaps the most disinvested areas in the United States. Currently, the Navajo economy is experiencing a huge amount of economic leakage that is directly attributable to community disinvestment and high unemployment rates. More than $700 million dollars per year escape to neighboring border towns which serve as regional shopping centers for Navajos. Many Navajos are forced to travel long distances to border and metropolitan communities such as Albuquerque, New Mexico and Phoenix, Arizona for employment and to purchase most of their basic goods, including food, clothing, vehicles, equipment, and the like. Important services such as automobile repair, laundry facilities, and recreational opportunities are also predominately found in outlying communities. This translates into a loss of jobs for Navajo communities and an increase in the economy for the off-reservation border towns and metropolitan areas.

Lack of Housing, Transportation, and Child Care Services:

Some Navajos are either unemployed or work part-time in a seasonal capacity. Although some individuals struggle to maintain a part- or full-time job, the lack of housing, transportation and child care services in many cases prevents and usually deters people from steady employment. On Indian reservations, adequate housing units and regular public transportation service like city bus and metro lines do not exist. Carpooling also becomes a hinderance more than an economical method to conserve energy and lessen travel expenses. Irregular work hours, harsh weather conditions and an unreliable vehicle add to the already depressed circumstances to maintain a minimum wage job that does not provide sufficient income to finance living expenses for a single person or parent. For these reasons, many individuals find it easier to remain on welfare. Further, the harsh economic conditions, many Navajo people experience, undermines their self esteem and may lead them into substance and drug abuse.

Alcohol and Substance Abuse:

The Navajo Nation's unusually high alcoholism rate prevents many individuals from maintaining a full-time job. IHS nor the tribe offers sufficient long-term substance abuse rehabilitation services. The Navajo Nation is attempting to coordinate funding for substance abuse rehabilitation services and offer a comprehensive rehabilitation service for the reservation communities. These services will contribute to the welfare of the individual and assist through and after their recovery period.

Limited Training Opportunities:

The lack of employment coupled with the high illiteracy rate of the Navajo people provides a particularly difficult environment to obtain training and employment for those individuals who want to develop their occupational or academic talents. Available training opportunities on the Navajo reservation center on manual labor like painting jobs that are usually temporary and low pay. The Navajo Nation recognized the need to develop welfare recipients work abilities by offering training opportunities. The Navajo Nation has contracted with the private and public sector to obtain work positions that would train AFDC clients but those limited positions vary with the seasons, especially with construction and renovation.

Low or Minimal Wages:

Many jobs on the Navajo reservation are minimum wage and are short seasonal employment. The income received from minimum wage jobs do not cover adequate living expenses for a single person or parent. AFDC clients are also denied the opportunity to build their work history for further employment opportunities. Under these types of circumstances, many people view welfare benefits as the best alternative because work is unstable on the reservation. As a result, welfare applications increase.

Disincentives for Work:

The sole provider of a family attempts to support the family by working but often experiences disincentives for working. A typical AFDC recipient attempting to find permanent employment has access to other welfare benefits like food stamps, child care services, and support services which are helpful but there are times when extra financial assistance is necessary like for housing and transportation. Several Navajo AFDC clients often seek financial assistance for housing and receive it but they are always determined ineligible to receive continued AFDC benefits. This is not uncommon especially for many single Navajo mothers. These AFDC clients adhere to stringent welfare guidelines to receive benefits, yet these same guidelines that protect the program from fraud and abuse, usually prevents individuals from working to improve their social and economic position. Nevertheless they are often sanctioned by the program whose goal is to move them off welfare and into an permanent job.

Welfare Reform

The Family Support Act of 1988 established the Job Opportunities and Basic Skills ("JOBS") training program under Title IV-F of the Social Security Act. The Navajo Nation operates its own JOBS program through the Navajo Department of Employment and Training ("NDET"). NDET supervises the Job Training Partnership Act ("JTPA") program which assists the tribal JOBS program, through contracts, by placing tribal AFDC recipients in WORK assignments or positions. The Family Support Act requires tribal organizations, in coordination with state welfare agencies, to operate a program that would provide educational, employment and training opportunities for Navajo recipients of AFDC. These state agencies provide tribal AFDC recipients transitional services such as child care and Medicaid during program participation. The transitional child care and medicaid services require much reporting and deadlines that are burdensome to AFDC recipients.

Currently, tribal JOBS program is funded through federal allocations to states that are directed to provide necessary funding to tribal JOBS programs. However, in many cases the state and tribal JOBS programs fail to serve the tribal beneficiary, who usually is a single Navajo mother with children. These Indian children suffer directly from lost services because the single Navajo mother fails to report in a timely manner and loses her welfare benefits. Without AFDC eligibility, she jeopardizes other benefits that contribute to the meager welfare of the family like commodity food items and child care services. This is a common occurrence on the Navajo reservation.

The tribal JOBS program targets: young Navajo parents without a high school education, a parent who has been on AFDC over three years, and/or a person who is within two years of ineligibility of welfare benefits because the age of the youngest child ultimately ends benefits for families depending on welfare resources to sustain their subsistence. The program provides specific activities to

include education, vocational training, individual and group job search, job readiness and job development. In addition, NDET operates the tribal JOBS program in the five Agencies (service areas) of the Navajo Nation with satellite offices in Indian Wells, Arizona, Aneth, Utah and Pueblo Pintado, New Mexico. The JTPA Agency Directors oversee the tribal JOBS field service delivery in conjunction with the JTPA program.

The tribal JOBS program operates on a two year approved plan with one year to obligate funds and the next year to liquidate obligations. In FY'94, the grant award is $1,752,666. The number of persons served this FY'94 is 955. AFDC caseloads of Navajos by States are as follows:

Arizona	4,103
New Mexico	3,080
Utah	259
Colorado	52
TOTAL	7,494

In the first quarter (for the period October 1, 1993 through December 31, 1994) the tribal JOBS program served 784 participants, of which 123 are enrolled in GED classes, 67 are enrolled in Post Secondary, 29 participate in a Self-initiated education/training activity, 30 participate in vocational training activities, 19 actively participate in job search activities, 21 are employed in a JTPA work position and the remaining 490 tribal AFDC recipients are awaiting enrollment in JOBS or JTPA activities. The progress made this quarter is as follows: three participants received their GED, 21 participants completed Adult Basic Education, 10 participants completed vocational training, and 17 recipients received job placements. 116 AFDC participants failed to comply with requirements of the program and are in a conciliation process.

A number of non-Navajos, who are American Indians, were determined ineligible for AFDC benefits because tribal JOBS program does not receive funding for these American Indians. As a result, they are ineligible to participate in the Navajo Nation JOBS program. These American Indians have either married a Navajo spouse or live on the Navajo reservation. They are finding it very difficult to find a decent job and are barred from tribal JOBS program on the Navajo reservation. The expanded tribal JOBS programs will lift the existing barriers to benefits that others receive, which Navajo Nation favors.

The Navajo Nation supports increased funding of tribal JOBS programs because the program positively impacts welfare rolls as outlined above in tribal JOBS participation and success rate. The tribal JOBS program is an agency that advocates mandatory participation requirements in education, training, and employment. The welfare reform plan also authorizes a portion of tribal JOBS

grants to continue Public Service Employment ("PSE"), which differs from the Community Work Experience Program. The PSE grants provide Indian communities funds to temporarily provide private sector jobs and places tribal JOBS recipients in a work assignment or position, providing work experience.

Additionally, the provision in the Act that would permit limited spending of tribal JOBS allocation on economic development projects allows flexibility. The funding could be used as seed money for small business development such as micro-enterprises and self-employment ventures. This is one avenue toward self-sufficiency but some tribal JOBS participants still require transitional assistance provided to all JOBS participants.

Transitional Assistance

Under the Family Support Act of 1988, AFDC recipients generally have greater access to transitional assistance; however, transitional assistance for many tribal recipients seems very difficult to obtain and time consuming. As a result many tribal recipients forego the transitional services and utilize the IHS for health services and/or seek child care services independently thus jeopardizing the continued funding source of transitional assistance. The reporting requirements and time period for reports are extremely tedious that tribal recipients lack the educational patience to report and funding for transportation expenses to report on the transitional services utilized. Further, retroactive provisions do not exist to prevent lose of benefits once an AFDC client applies for transitional benefits.

Medicaid:

Access to Medicaid is an important service for many JOBS recipients, although tribal JOBS recipients rely on Indian Health Service ("IHS"). IHS is the only health care provider on Indian reservations and the most convenient health care provider available. However, the reporting requirements of Medicaid are demanding on AFDC and JOBS recipients that many participants fail to report health care services, thus, IHS loses reimbursement collections that would supplement health care services provided to Indian people, including AFDC clients that qualify for transitional services.

IHS does not have a stable or adequate funding base, it uses the third party reimbursement collections such as Medicaid to enhance the quality of health care services provided. IHS loses the potential income to deliver health care services to Navajos and other Indians. The surrounding Indian tribes use the Navajo Area IHS ("NA IHS") health care facilities because their IHS facilities lack funds to continue providing health care services and often refers patients to the NA IHS facilities. The NA IHS does not receive funding for services rendered to Indians, residing outside the Navajo reservation. NA IHS attempts to accommodate all individuals seeking health care services but is limited by severe underfunding and numerous patient case loads.

The Medicaid reporting requirements for AFDC recipients should be revisited to ensure that all who qualify for Medicaid benefits receive it and those facilities allowed to collect Medicaid reimbursement receive their fair share of reimbursements. The strict Medicaid reporting requirements paralyze the existing health care services and deny health care services to many other Navajo people that need health care services, as is the case with transitional child care services.

Child Care Services:

As indicated in the beginning, a large portion of the Navajo population is under the age of 18. Child care services, family care center, and recreation centers are extremely limited on the reservation. Existing child care facilities, those serving children ages 0-5 years, are short staffed and child care facilities need renovation. The Navajo Nation has three tribal operated child care facilities in Chinle and Fort Defiance, Arizona and Shiprock, New Mexico. Five small independent child care facilities exist throughout the reservation. All these child care centers conform to state and tribal licensing because they receive both state and tribal funding for operation and maintenance.

On a more interesting note, the Navajo Nation has entered into a pilot program with the "Save the Children Federation," an organization based in Gallup, New Mexico. The pilot program: (1) identifies family day care providers for those tribal recipients who do not meet the child care income-eligibility criteria scheduled by the states and (2) serves as a training and employment model for tribal AFDC recipients interested in child care. This is one of the programs that has been implemented on the reservation and is successfully recruiting family day care providers, formerly AFDC recipients. The Navajo Nation is also seeking alternative means to expand its child care services, family care centers and recreation centers that would assist children and tribal recipients.

Additionally, the Navajo Nation, NDET and the state of New Mexico authorized the NDET to operate a child care guarantee program through referrals by tribal JOBS. The Navajo Nation opted to contract with New Mexico for accessible and manageable child care services that would allow welfare clients to receive timely child care services. This program allows NDET and its corresponding child care office to authorize payments directly to the child care provider. The Navajo Nation would like to contract with the states of Utah and Arizona for a similar program. This program provides employment opportunities and independence for the Navajo Nation to operate child care programs. Many Indian tribes throughout the country view these two Navajo Nation child care programs as model programs they would like to implement.

Direct funding of child care grants to Indian tribes will save time and funding that could be used to finance child care services or facilities on Indian reservations. More importantly, Indian tribes will have more opportunities to invest in developing

a comprehensive child care services for Indian children and spend less time on reporting to the states on the child care initiatives the tribe is considering. These programs are timely considering that the Navajo population is growing at twice the national average.

Work

Currently, states and Indian tribes operate on-the-job training, work supplementation and community work experience programs as part of the JOBS program. Indian tribes have implemented the PSE program that assigns tribal JOBS participants to a mandatory work activity. The PSE program creates temporary work assignments for welfare recipients but this program is not permanent work that will sustain a single person or parent or eliminate dependency on welfare. To end the cycle of welfare dependency, most Indian reservation will have to invest in economic development projects that will capture lost revenue financing border town businesses and redirect the revenue in business or private businesses located on the reservation. Further, the time limits place on AFDC recipients is biased because it sanctions AFDC participants on Indian reservations where there is simply few jobs.

The Navajo Nation is researching potential employment opportunities for its people. Among some of these projects are family day care providers and home health aides. The Navajo Nation has invested in family day care providers for child care services and is attempting to meet the demands for child care providers on the Navajo reservation. The family day care provider program was made possible with the assistance of "Save the Children Federation." The program provides employment for tribal JOBS participants and reinvests in the reservation community. However, the funding for this program is limited and requires more funding.

The Navajo Nation is also researching the possibility of employing home health aides who would assist elderly and sick persons residing in the community or deep in the reservation. This home health aides are helpful links to the reservation communities that do not have a hospital and little access to physicians. Moreover, the health aid is familiar with the culture and language. Many traditional Navajo people readily receive home health aides than a complete stranger, like the doctor who is usually non-Navajo. Like the family care provider program, funding for this program is limited if any at all.

Role of States in Welfare Reform

Currently, the Navajo Nation receives funding for welfare benefits from AFDC which is provided through the states. The states as well as the Navajo Nation administer their respective JOBS programs. Indian tribes, including the Navajo Nation, would like the flexibility of carrying out the following functions: (1) determining referral status of tribal JOBS participants, (2) providing secondary

reviews and hearings on issues specifically related to tribal JOBS or WORK participation, and (3) providing supplemental benefits such as housing allowances to AFDC clients participating in educational or vocational training programs.

For example, a Navajo mother applies for AFDC benefits and obtains JOBS funding that allows her to continue her education in Arizona. She moves to Phoenix, Arizona to attend school but has found extreme difficulties in acquiring housing. The school she is enrolled is assisting her in finding housing meanwhile her and her children are homeless. She has also missed the first days of classes. Under these circumstances, the Navajo mother requests tribal financial assistance for housing. The tribal JOBS or JTPA will award her the necessary funds to acquire housing but these funds are counted as additional income to the financial assistance received by AFDC or JOBS. Subsequently, the mother will lose her AFDC eligibility and continued welfare benefits such as JOBS, transitional assistance, and supplemental funding. This is common for many people participating in the tribal JOBS program. Yet these unfortunate circumstances prevent the Navajo mother from leaving welfare and perpetuates dependence on welfare benefits.

In other cases, a Navajo tribal JOBS participant is lost in the shuffle of papers and referral period; consequently, they are denied continued welfare benefits. As in the case above, since the Navajo mother has left the reservation for educational purposes, tribal JOBS would have to refer her case to the state of Arizona, Arizona then evaluates her case. By that time, the referral period has expired and the individual loses welfare benefits and experiences continued difficulties or is denied services because the unfortunate circumstances of determining referral status. The lost AFDC benefits prevents many from participating in education opportunities or training programs, located far from the Navajo reservation. The Navajo Nation strong believes that the regulations be amended to waive AFDC requirements that regards tribal funding for housing as additional income. The AFDC system should not sanction individuals that are honestly working toward independence and self-sufficiency.

Financing

Currently, tribal JOBS programs, WORK programs and transitional services receive their funding from state welfare agencies. This presents several problems for the Navajo Nation because it is located in three states and collects funding for its program from three states. It is understandable that many states and Indian tribes conflict on the number of eligible Indian AFDC recipients because the states put up matching funds for the JOBS, WORK and transitional assistance programs and Indian tribes do not. Additionally, the state neglects to include those non-enrolled tribal members that are Indian who have a Navajo spouse or live on the Navajo reservation. Many of these non-Navajos experience discrimination by the State and the tribe.

The Navajo Nation appreciates the current financing in the Act but is very concerned with the funding level of the tribal JOBS program. It seems highly unlikely that two percent will adequately finance those existing tribal JOBS programs and the newly approved tribal JOBS programs as well as the child care services for the tribal JOBS programs, WORK, and transitional services. We request that the funding formula be revisited and keep in mind that many Indian tribes will apply for tribal JOBS programs which requires a start up cost, training, and operation. These initial start-up costs could impede funding resources to existing tribal JOBS programs.

The Navajo Nation plans to provide detailed comments on financing issues as welfare reform is further considered. We look forward to Congress' continued efforts to resolve present welfare matters.

Conclusion

Welfare reform that includes an expanded tribal JOBS program will benefit the Navajo people; however, the few job opportunities available on the reservation will be hindered by the time limits and reporting requirement of transitional assistance and underfunding of the welfare programs the Navajo tribe operates and administers. The Navajo Nation has invested much resources in economic development, unfortunately, all those persons seeking jobs do not receive employment. However, economic incentives like the Earned Income Tax Incentive ("EITC") and tribal housing assistance would assist both AFDC and tribal welfare participants, if it is not included as additional income. We look forward to changes of laws and regulations that will help AFDC recipients who receive the EITC and tribal housing assistance to continue their educational or vocational training.

In the spirit of self-determination, the Navajo Nation welcomes the opportunity to administer the Navajo Nation JOBS program. The Navajo Nation has demonstrated its ability to effectively operate its JOBS program and identified the many obstacles that the Navajo AFDC and JOBS clients experience while on welfare. We would like the flexibility to customize welfare to better serve the clients and move them through the welfare system to a permanent job. As in the child care examples given above, the Navajo Nation has actively sought out funding and programs that will meet demands for child care services and will provide employment and training for AFDC clients and other people on the Navajo reservation. Herein are only some examples of the progress made by the Navajo Nation, we are actively researching and implementing new programs to effectively serve the Navajo people.

The Navajo Nation appreciates this opportunity to comment on welfare reform. The Navajo Nation looks forward to working with the Subcommittee on Human Resources on welfare reform and its impact on Indian country especially to the Navajo Nation.

TESTIMONY OF MICHAEL J. DOWLING
STATE OF NEW YORK

Thank you Mr. Chairman for the opportunity to provide testimony concerning the Administration's welfare reform legislation and its financing provisions. President Clinton and members of Congress have made a commitment to reforming the nation's welfare system. New York State applauds this effort and shares the vision to change the system from one focused on cash support and eligibility determination to one that promotes self-support, family life, and parental responsibility.

New York is pleased that the general themes and principles embodied in the President's bill are, on the whole, consistent with New York's welfare reform philosophy and initiatives. These include the emphasis on AFDC as a transitional benefit, individual responsibility, rewarding work, a focus on job placement, expanded child care and improvement of child support enforcement. New York State, too, has been moving ahead in each of these areas to change how the welfare system operates.

New York's Jobs FIRST initiative is predicated on the tenet that the best way to help those in need is to connect them to the labor force as quickly as possible. In its first phase, the program seeks to divert people from the welfare system by: providing emergency one-time assistance; helping people access SSI or veterans benefits; helping people access other income supports such as child support; or providing immediate job search and participation in job readiness training, or referral to transitional/permanent employment if the applicant is job ready.

Those who do become recipients of AFDC will undergo a comprehensive aesessment after which an individualized self-sufficiency plan will be developed. Participants will be expected to engage in training, work experience and educational activities. In addition, the program focuses on parental responsibility by strengthening paternity establishment.

Supporting families as they leave the welfare system is vital to the success of Jobs FIRST. New York will continue to support families as they leave welfare by expanding the Child Assistance Program (CAP), New York's award-winning welfare reform demonstration project which has proven to be effective in getting people off welfare and keeping them off. CAP provides incentives to work and encourages parental responsibility through child support. In addition, the State has instituted a new state Earned Income Tax Credit and has begun to develop a partnership between the government and the business community to create jobs for welfare recipients.

While we support reform of the current welfare system and generally support the President's efforts, we have concerns with the bill as introduced. My comments will focus primarily on the financing provisions and will touch briefly on the program issues in anticipation of an additional opportunity to discuss the

policy and program issues of the welfare reform debate.

Two major financing provisions in the bill -- the cap on Emergency Assistance funding and the extension of deeming -- would have a disproportionately negative effect on New York State.

Cap on Emergency Assistance (EA) Funds

This financing mechanism has significant cost implications for the State because of New York's large EA program. EA funds finance crisis assistance, homeless and child welfare activities, and will serve as an important funding stream for diverting entry to the welfare system under New York's Jobs FIRST proposal. The federal government has been encouraging states to engage in a broader range of prevention activities under EA such as child welfare and homeless assistance activities. In New York, the majority of the State's EA claims are related to prevention activities, particularly those related to child welfare services. The State also provides emergency housing services for families, and it is important to point out that only a very small percentage of EA is used to pay for emergency housing in hotels.

New York has been very effective in helping serve families in crisis by maximizing its EA claims within the scope of the Department of Health and Human Services policy directives. It is important to point out that the majority of EA claims are now in the child welfare area not welfare hotel as is commonly believed. The State expects that incurred costs for 1993 could be as much as $300 million. Other states have also begun to spend down more federal funds under this program, some faster than others. It is my understanding that the Administration's proposal to cap EA stems from concerns about anticipated growth rather than the legitimacy of claims.

The Administration bill sets an aggregate national cap on spending. Funds would be allocated to states based on a weighted factor of two expenditures -- (1) state spending on EA in FY '94 and (2) total AFDC expenditures. The cap would be weighted towards the first factor with a 90-10 percent split between the factors in the first year, then 80-20 etc. until the cap was weighted 100 percent towards factor (2) ten years out. In addition, a hold harmless clause would be built into the proposal so that no state would receive less than what it was paid by the federal government for 1991 claims. Depending on how the statute is interpreted in regulation with respect to the hold harmless clause, New York could receive anywhere from $181 million down to $49 million. This is substantially less than our anticipated claims in future years and a serious threat to our EA program.

In addition to the negative cost implications for the State, the provision to cap AFDC emergency assistance funds would

clearly place the vulnerable populations receiving these services at risk. The State does not believe that this vital source of assistance payments should be cut to enhance other assistance activities under welfare reform.

Finally, this proposal would also hamper our ability to effectively divert people from seeking public assistance. A key component of New York's Jobs FIRST strategy will be attempting to divert entry into the welfare system by offering emergency, one-time assistance. It is our belief that this type of assistance will frequently serve as the "hand-up" rather than the "hand-out" that many have spoken of. New York assumes that better use of emergency assistance will ultimately serve to decrease the number of cases coming on to the rolls, and will therefore be a major cost-saving initiative. A cap on EA funding will seriously jeopardize this initiative.

Delay Access to SSI, Food Stamps and AFDC for Non-Citizens by Extending the Income Deeming Period

New York State has serious concerns about any proposals which eliminate or limit benefits for legal immigrants. We recognize that there are several proposals to limit benefits to legal immigrants under Congressional consideration which are more onerous than the Administration's deeming proposal. Nevertheless, there is still concern with these provisions.

In determining eligibility of a non-citizen for public assistance benefits, the income of the sponsor is considered and deemed available for the support of the immigrant for a three-year period. Under most circumstances, this results in the ineligibility of the immigrant for benefits because his/her care is assumed to be assured by the sponsor. Congress recently extended temporarily the deeming period for SSI to five years. The Administration bill would permanently extend the deeming period for SSI, Food Stamps and AFDC to five years, and until citizenship for immigrants with sponsors earning above the national median income.

Any extension of the deeming period translates into an increased burden to the Home Relief program, the State's General Assistance program. Since the sponsors' affidavits of support are not enforceable, the State has no ability to ensure that the immigrant will not become a public charge or to recover its losses. According to the Administration, this provision would not result in shifting costs to states because the legislation would give states the authority to impose similar deeming requirements in their general assistance programs. However, there is no certainty that this will provide relief to the states given the Supreme Court decision Graham v. Richardson, 403 U.S. 365 (1971) and more recent cases such as El Souri v. State of Michigan Department of Social Services, 429 Mich. 203 (1987),

which provide that a state or locality may not exclude persons from participating in its welfare program on the basis of lawful alienage. Even if it did, given New York's particular legal and Constitutional issues, the State nevertheless would remain financially obligated. As you may know, New York's Constitution requires the State to provide for the needy. Furthermore, as a result of the Court of Appeals decision in Minino and Ruiz v. Perales, 79 NY2d 883 (1993) should a sponsor renege on his responsibility to provide for the immigrant, the State is required to provide for the immigrant. The State's preliminary analysis suggests this provision could cost the State as much as $50 million per year.

Putting aside the fiscal implications of the deeming provision, questions remain regarding the impact on the immigrant community and the appropriateness of denying public assistance to legal immigrants.

The federal government determines immigration policy, and federal decisions have resulted in increased admissions of immigrants and refugees over the past decade. The federal government should maintain its obligation to assist these individuals when they fall upon hard times.

While I have been asked to comment specifically on the financing options, there are quite a range of policy/programmatic issues of concern, particularly where the policy does not take into account the special circumstances of states. Some of these issues include paternity establishment requirements and penalties, caps on discretionary deferrals and extensions of the time limit, performance standards and penalties, and job creation. I hope to have the opportunity to comment on these and other program issues in more detail in the future.

One specific issue to which I would like to draw your attention is the status of state welfare reform initiatives, particularly New York's award-winning Child Assistance Program (CAP). The Administration bill allows states the option to operate certain demonstrations without waiver authority. CAP is not included in this category and given the success of the program and that it is consistent with the Administration's goals, the State believes it should be an option in any welfare reform legislation Congress passes.

CAP helps children escape poverty, by providing incentives for increasing the contributions made by the absent parent (through child support) and the custodial parent (through earnings), and supplementing income as necessary. Unlike AFDC, CAP supplementation of earnings can continue until the family is out of poverty. CAP encourages single mothers to work, by assuring that their increased earnings will mean greater household income. Unlike AFDC, which generally reduces benefits

by a dollar for each dollar of earnings, CAP's benefit reduction rate is much lower, only 10 percent for earnings below the poverty level. In addition, CAP encourages custodial parents to obtain child support orders. The CAP program is built on intensive case management, simplified reporting requirements and procedures, and respect for the participant. A rigorous, independent evaluation of CAP conducted by Abt. Associates Inc. found the program to be cost-neutral.

While Congress works to develop a blueprint for national reform, New York urges the continued practice of state experimentation in welfare. A national welfare reform strategy should build on the successes of the states. It should reward work, require responsibility and promote self-sufficiency, all within the context of an equitable partnership between the federal government and the states. Any federal legislation should provide state flexibility and adequate federal financial support, without shifting costs to the states. While instituting certain new program ideas, welfare reform legislation should improve the current system and build on its successes. We hope to work closely with you in the months ahead as you develop legislation to reform the welfare system. Thank you.

347 Madison Avenue
New York, NY 10017-3739
212 878-7000

Metropolitan Transportation Authority

August 22, 1994

Janice Mays
Chief Counsel & Staff Director
Committee on Ways & Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Ms. Mays:

The following statement is submitted for inclusion in the printed record of the August 9th hearing by the Subcommittee on Human Resources on Welfare Reform bill financing issues.

The New York State Metropolitan Transportation Authority (MTA) opposes the inclusion in the Welfare Reform bill of the section which extends and expands Federal Railroad Administration User Fees (Section 908 of the Administration's bill). The MTA system includes the nation's two largest commuter rail systems, MTA Long Island Rail Road and MTA Metro-North Railroad.

These Federal Railroad Administration (FRA) "fees" were an anomaly of the 1990 Budget Reconciliation Act, enacted quickly without Congressional hearings and little scrutiny. Unfortunately, in 1990, there was no attention paid to the fact that tax-supported passenger railroads, such as public state and local commuter railroads and Amtrak, would also be charged the "fees". MTA believes it was not the intent of Congress to apply the "fees" to public entities.

The 1990 law requires the Federal Railroad Administration to administratively set the level of fees each year to offset part of its annual appropriations, although the fees go into the General Treasury and are not dedicated to FRA functions. The section now in the Welfare Reform bill both extends and expands the fees to pay for yet additional FRA budget items.

Furthermore, the entire structure of these "fees" is flawed and highly discriminatory to commuter rail operations. The fees are set by FRA (at a level to cover their own budget) by a formula that includes the number of employee hours as a determining factor.

As a result, since commuter operations have proportionately more employees than freight railroads due to passenger and ticket handling requirements, we pay a disproportionate share of the fees.

According to the March, 1994, U.S. Department of Transportation report on this fee (based on 1992 figures), all public commuter rail systems together paid over $1.5 million (4.8% of total). Of that amount, the New York MTA commuter entities paid almost half. Amtrak was charged over $1.6 million (5.2% of total).

The MTA requests either: (1) That the FRA fees section be deleted from the bill entirely, thus allowing the fees to expire October 1, 1995, as scheduled, or (2) that an exemption be provided for public tax-supported passenger entities (see attached).

The MTA urges this problem be corrected in the current legislation while the fee amounts are small in terms of the federal budget, before future fee increases make the ability for correction too difficult.

Sincerely,

Peter E. Stangl
Chairman and
Chief Executive Officer

cc: Hon. Charles Rangel
Hon. Daniel Patrick Moynihan

\attachment

Amendment providing for an exemption for public tax-supported passenger railroads from the FRA User Fees.

In the Administration's Welfare Reform bill, Section 908, Federal Rairoad Administration User Fees, after the words "Fees established under this section shall be assessed to railroads subject to this chapter", add *except commuter authorities and the National Railroad Passenger Corporation.*

WRITTEN STATEMENT OF NOW LEGAL DEFENSE AND EDUCATION FUND[1] ON WELFARE REFORM

by Martha F. Davis
Senior Staff Attorney

Before the
Subcommittee on Human Resources,
Committee on Ways and Means
U.S. House of Representatives
August 9, 1994

There is no doubt that federal welfare programs need reform, and that many components of the Administration's proposal, the Work and Responsibility Act of 1994 (H.R. 4605) -- i.e., enhanced job training, child support and childcare -- represent important steps in the right direction. However, Administration proposals such as (1) the Child Exclusion state option; (2) two-year limits on job training and education; and (3) mandating that teen mothers live at home, fail to acknowledge the realities of life on welfare or the economic barriers to leaving welfare. This testimony will focus on these three proposals and will demonstrate that none of them constitutes sound social policy in light of the goals of welfare and welfare reform.

I. Child Exclusion

The Child Exclusion is a program that eliminates incremental benefit increases of $30 to $100 per month for children born on welfare. President Clinton's welfare bill (H.R. 4605) would allow Child Exclusion programs as a state option.

The underlying goal of Child Exclusion programs is to discourage women receiving AFDC from having children. However, considerable social science data already indicates that reducing benefits will not achieve this goal. Further, the Child Exclusion is wholly inconsistent with the purposes of the AFDC program, i.e., to support poor children. Instead, Child Exclusion programs adopt an approach to addressing poverty that will increase, rather than alleviate, hardship of poor families. Rather than providing necessary services, job training opportunities, education, adequate child support enforcement and transitional benefits to poor families and individuals, the Child Exclusion denies incremental benefit increases that are needed to raise an additional child at a bare subsistence level.

A. Myths

Instead of data, the Child Exclusion program rests on myths about welfare recipients. In fact, as set out below, social science data indicates that the Child Exclusion program will have little or no effect on poor women's childbearing decisions. In addition, the Child Exclusion program raises significant legal issues that Congress would be irresponsible to ignore.

Child Exclusion measures are fueled by five "myths" about welfare families:

- **Myth:** AFDC families are generally large to begin with.

---

[1] NOW Legal Defense and Education Fund is a legal advocacy organization committed to protecting women's rights. A separate organization from the National Organization for Women, NOW LDEF was founded by members of NOW in 1970. NOW LDEF is a national leader in efforts to ensure that AFDC and other anti-poverty programs help women and their families move up and out of poverty without violating their rights to privacy, equal protection, due process, and other legal protections accorded all Americans. In particular, NOW LDEF chairs the Child Exclusion Task Force, a coalition of nearly 100 diverse organizations opposed to "child exclusion" proposals that would eliminate AFDC benefits for children born on welfare. That coalition, which includes pro-choice and pro-life groups, children's rights, civil rights and women's rights organizations, and religious groups, is committed to defeating welfare reform proposals that include a child exclusion component. A copy of the Task Force's letter to members of Congress and a list of the Task Force membership is attached.

Reality: Welfare recipients average less than two children per family.[2] Since in order to qualify initially for AFDC, a family must have at least one child, most AFDC-recipient families have no more than one additional child after they begin receiving public assistance benefits.

Significance: This certainly undercuts any assertion that the additional incremental benefit increase is acting as an incentive, or that its elimination would act as a disincentive to childbirth.[3]

- **Myth:** Women on welfare want more children and get pregnant because of this.

  Reality: Social welfare analysts and scholars consistently report that the great majority of pregnancies among women on AFDC are unintended.[4] Further, not only are fertility rates of AFDC recipients lower than those of the general population, but the longer a woman remains on AFDC, the less likely she is to give birth.[5]

  Significance: Unintended pregnancies are unresponsive to any attempt to control childbirth through an incentive structure.

- **Myth:** Women have more children in order to get additional incremental benefits.

  Reality: According to a study commissioned by the U.S. Department of Health and Human Services, "welfare simply does not appear to be the underlying cause in the dramatic changes in family structure of the past few decades."[6]

  Significance: If the level of benefits does not influence childbearing decisions, then a Child Exclusion incentive structure would not control childbirth.

---

[2] Congressional Budget Office, Sources of Support for Adolescent Mothers 44 (1990).

[3] See Mark Rank, Living on the Edge: The Realities of Welfare in America 72-76 (1994) (comparative studies indicate that the national childbearing rate for women on welfare is considerably lower than that for the general population, even when rates are demographically standardized; additionally, logistic regression analysis indicates that the longer a woman remains on welfare, the less likely she is to give birth); Gregory Acs, The Impact of AFDC on Young Women's Childbearing Decisions, 14, 21 (The Urban Institute, Washington, D.C., 1993) (receipt of AFDC has a "quite modest" impact on first births and out-of-wedlock births, while other factors, such as education and demographic characteristics, significantly affect women's childbearing decisions; further, the impact of supplemental AFDC for additional children on the decision to bear such children is "statistically insignificant"); William J. Wilson & Kathryn M. Neckerman, "Poverty and Family Structure," in Sheldon H. Danziger & Daniel H. Weinberg, eds., Fighting Poverty: What Works and What Doesn't 249 (1986) (comprehensive studies reveal no relationship between receipt of welfare and pregnancy; in fact, several studies indicate that welfare recipients are less likely to get pregnant than non-recipients).

[4] David Ellwood, Poor Support: Poverty in the American Family 72 (1988) (80 percent of teenage mothers report that pregnancy was not wanted); William J. Wilson, The Truly Disadvantaged 78-79 (1987) (citing studies conducted by Placek and Hendershot that demonstrated "women on welfare . .. were significantly less likely [than women not on welfare] to desire an additional pregnancy").

[5] Mark R. Rank, Fertility Among Women on Welfare: Incidence and Determinants, 54 Am. Soc. Rev. 296, 299-301 (1989) (these findings hold true even when the figures are standardized for age, children, marital status, race, or education).

[6] David Ellwood & Mary Jo Bane, The Impact of AFDC on Family Structure and Living Arrangements, (Working Paper No. 92A-82, 1984). See also Congressional Budget Office, Source of Support for Adolescent Mothers 43 (1990) ("[s]tudies of the effects of AFDC on the fertility of female teenagers find no evidence that benefit levels encourage childbearing"); William J. Wilson, The Truly Disadvantaged 77-81 (1987).

- **Myth:** Women are "at fault" for additional births.

  Reality: Both men and women are responsible for procreation, and women should not be blamed for additional births.

  Significance: This is a stereotype that effectively exempts male parents. Child Exclusion plans would deny AFDC-recipient parents (about 90 percent of whom are women) and their children additional need-based benefits, while imposing no sanction whatsoever on non-custodial parents (about 90 percent of whom are men).

- **Myth:** AFDC recipients are a burden to taxpayers because of their reliance on public assistance.

  Reality: Government spends money through tax policy as well as through direct grants. Through tax benefits, the government provides taxpayers with a significant amount of money with the birth of a second child. The following table shows the additional savings provided for a second child, through the tax exemption, Earned Income Tax Credit and Child Care Credit.

Income	Amt. Saved
10,000:	1,578
20,000:	1,305
30,000:	978
60,000:	1,166
125,000:	1,362
260,000:	1,450

  There are additional substantial tax savings through exemptions for the state income taxes.

  Significance: This stereotype, used to denounce AFDC recipients, hides the fact that middle income families also receive benefits that increase with family size.

Incremental benefit increases do not "reward" recipients, but instead are necessary to assist families and children in living at basic subsistence levels. The expenses for household goods, clothing, transportation and recreation (none of which are covered by any public assistance programs) are several times the total benefit increase given in any state. See Thomas Espenshade, Investing in Children 52, table 14 (1984). In addition, food, shelter, fuel and utilities (a fraction of which may be covered by public assistance payments) add additional costs well beyond the benefit increase for a child. In sum, the incremental benefit increases given to additional children cover only a small portion of actual costs, and simply provide no economic "incentive" for AFDC recipients to have children.

B. Legal Problems with Child Exclusion Programs

President Clinton apparently decided to permit a state option because of several states' interest in adopting a Child Exclusion program. However, a Child Exclusion program has gone into effect on a large scale in only one state, New Jersey.[7] New Jersey's program applies to children born after August 1, 1993. On December 1, 1993, NOW Legal Defense and Education Fund, Legal Services of New Jersey and the ACLU of New Jersey filed suit in federal district court charging that the Child Exclusion law violates several federal statutes (such as the duty to provide assistance to all eligible individuals, 42 U.S.C. 602(a)(10); the duty to provide equitable treatment, 45 C.F.R. 233.10(a)(1); protections of human subjects, 42 U.S.C § 3515b; and protections attaching to research involving pregnant women and fetuses, 45 C.F.R. § 46.201 et

[7] Wisconsin is piloting an experimental Child Exclusion program in two counties. Georgia has received a waiver to implement such a program, but is not scheduled to begin the program until 1995. Arkansas has also received a waiver; its Child Exclusion program affects children conceived after July 1, 1994, none of whom have yet been born.

seq.), the United States Constitution, and the New Jersey Constitution. Relaxing federal standards and permitting additional states to adopt the Child Exclusion is inappropriate pending resolution of these significant legal issues.

C. Alternatives to Punitive Proposals

In considering welfare reform, the ultimate goal must be not simply to move clients off welfare, but to move people out of poverty. Study after study has demonstrated that cutting benefits is not an effective anti-poverty strategy. The experiences of European social welfare programs as well as successful programs in the United States demonstrate that the most effective anti-poverty strategy is one that provides families and individuals with adequate services and income support to cushion poverty and enable the transition from public assistance to work.

It is useful to look at the results of cross-national studies comparing income support programs in Canada, Austria, Sweden, Germany, the Netherlands, France and the United Kingdom. According to a report by the Joint Center for Political and Economic Studies, each of these countries did a better job of cushioning poverty than did the United States, even though the United States had steadier economic growth and lower unemployment rates than most of Europe. Compared to their counterparts in other countries with more generous programs, poor families in the United States lived further below the poverty line and were less likely to escape from poverty after one year. Joint Center for Political and Economic Studies, Poverty, Inequality and the Crisis of Social Policy (1991). See also Rebecca M. Blank and M.J. Hanratty, Responding to Need: A Comparison of Social Safety Nets in the United States and Canada (Center for Urban Affairs and Policy Research, Northwestern University, Working Paper No. 91-7); T. Smeeding, B. Torrey & M. Rein, "Patterns of Income and Poverty: The Economic Status of Children and the Elderly in Eight Countries," in The Vulnerable 89 (1988).

The only way effective to combat poverty is to improve education and other services, increase job opportunities, reform the health care system, improve transitional benefits, enhance child support enforcement and increase income supports to a livable level. As suggested in the proposal offered by Representative Matsui, the Family Self Sufficiency Act (H.R. 4767), more complete and enhanced implementation of the Family Support Act of 1988 ("FSA"), drawing down federal matching funds to the full extent permitted, is one promising option. Representative Matsui's proposal would provides new opportunities for education, focuses on increased economic opportunities, and makes a commitment to provide necessary support services -- promising over time, to help many AFDC recipients obtain the training they need to leave poverty behind.

Another alternative is to expand the earned income disregard. New York has initiated a program called Child Assistance Program ("CAP") that allows a mother to keep 90% of her earnings up to the federally designated poverty level. After that, she may keep 33 cents of every dollar earned, until she reaches 150% of the poverty level. At that point her CAP benefits end. CAP also encourages clients to save by eliminating the asset limits that govern eligibility for AFDC. States would be permitted to implement similar versions of this program on a pilot basis under the Administration's welfare reform proposal. The New York model suggests that the program is a promising one for clients who qualify. A preliminary study shows that CAP has helped more welfare mothers to find jobs, raise their total earnings, and get child support orders, without increasing cost to taxpayers.[8]

These and other alternatives to the Child Exclusion would reform welfare in ways that alleviate poverty rather than by penalizing welfare recipients.

II. Two-Year Limits

President Clinton's "Work and Responsibility Act" and several other welfare reform proposals pending in Congress would limit most AFDC recipients to two years of receipt of

---

[8] One deficiency in the New York program is that mothers may participate in CAP only if they have obtained court orders for child support from the fathers of their children. Programs such as this should be expanded to any parent who wants to participate, as many poor parents face serious obstacles to obtaining court orders of support.

benefits and participation in job-training programs. These proposals come in a time of increasing anti-welfare rhetoric which maintains that women receiving benefits are trapped in a cycle of dependency. Welfare mothers, a disproportionate number of whom are black and Latina, make convenient scapegoats in an economy fraught with unemployment and falling wages. Unfortunately, time limit plans reflect the myth that women are on welfare because they don't want to work. Further, time limits are being proposed with little concern for what happens when the two years are up and without adequate resources devoted to the education and training programs needed to assist recipients in moving from welfare to work at a decent wage.

A. Myths About Women and Work

- **Myth:** Welfare is a way of life.

  Reality: More than half of women on AFDC use the program for less than one year before re-entering the job market or obtaining adequate child support. A quarter leave within four months, and only one-third stay more than two years.[9] Women who have good educations or job skills may rely on AFDC for only a few months after a divorce or job loss, and re-enter the job market to support their families.

- **Myth:** Welfare recipients do not want to work.

  Reality: At any point in time, 1/3 of welfare mothers are working outside the home, combining work and welfare to support their families. Over time, about half of all welfare mothers work outside the home for at least some of the time that they are on welfare.[10] When the Job Opportunity and Basic Skills (JOBS) training program was first initiated in the south pursuant to the Family Support Act of 1988, tens of thousands of women volunteered for the program.[11] Despite stereotypes to the contrary, race, marital status, and welfare history have virtually no effect on the probability that a single mother will add paid employment to AFDC benefits to make up her income package. Instead, as with middle class women, the availability of jobs and child care, and the children's ages, are determining factors in whether poor women do or can leave their homes to work. Variables such as education, job skills, and work experience, are the most important in predicting whether women combine work outside the home and welfare.[12]

- **Myth:** If welfare recipients wanted to work, they would get jobs.

  Reality: Unfortunately, welfare mothers with little education and skills are competing against others during a time in which the market is saturated with people trying to find work and in which the economy is riddled with low-wage jobs. Unemployment hovered at 7.2% in the 1980's and job prospects look no better in the 1990's. In addition, employers are increasingly offering "contingent work" -- part-time, temporary, and poorly paid. Over 1/4 of the U.S. labor force is employed in such jobs. A substantial proportion of the them would prefer

---

[9] Mimi Abramovitz, Spreading the Word About Low-Income Women's Activism: Challenging the Myths of Welfare Reform 2 (1992).

[10] Kathleen Mullan Harris, Work and Welfare Among Single Mothers in Poverty 16 (Nov. 1992). Of course, all AFDC recipients also work in the home, handling childcare and other family responsibilities.

[11] Id. at 29.

[12] Institute for Women's Policy Research, Research in Brief, Combining Work and Welfare: An Alternative Anti-Poverty Strategy 3 (adapted from Roberta Spalter-Roth, Heidi Hartmann, and Linda Andrews, Combining Work and Welfare: An Alternative Anti-Poverty Strategy (1992)).

permanent, full-time jobs but can't find them.[13] Women on AFDC are likely to end up in these jobs, given that they are mostly unskilled and can command only the lowest wages. According to sociologists Christopher Jencks and Kathryn Edin, single mothers do not turn to welfare because they are pathologically dependent on handouts or reluctant to work. They do so "because they cannot get jobs that pay better than welfare."[14]

B. Critique of Two-Year Limits

1. What Happens at the End of Two Years?

A major problem raised by the proposed two-year limits is what happens to women at the end of the two years. Some of the two-year proposals would simply withdraw benefits at the end of the time period. What these programs don't address is what happens to recipients if aid is terminated. Will women who couldn't get employment because of lack of jobs and child care simply be left to fend for themselves, subject to homelessness for themselves and their children? It has been suggested that two-year limits will have precisely this effect, while spending more money than the current welfare system without any guarantee that the desired effect(s) will result. Even President Clinton's aides have identified this outcome as a realistic risk, acknowledging "the danger that . . . families will find themselves homeless or unable to care for their children."[15]

Arbitrary time limits also fail to address the difficulties facing AFDC recipients who need stay in the program for more than two years. Language difficulties, lack of education and skills, family crisis, wife-battering and lack of available jobs and adequate child care may all contribute to women's inability to move out of poverty in accordance with a rigid, arbitrary schedule. A woman who is illiterate, for example, may need more than two years of educational assistance and training before she is able to obtain a job that will support her family. In multi-ethnic communities such as New York City, the numbers of families with such educational needs may be much higher than the ten percent deferral rate permitted under the Clinton plan. Further, many longer-term AFDC recipients may be needed in the home to care for disabled or ill family members or to care for small children.

Many proposals, including President Clinton's welfare reform plan, include requirements that welfare recipients "work off" their grants in government jobs if they do not find adequate employment by the expiration of the time limit. Some of these requirements would apply without regard to whether jobs are available or whether the individual has received any employment training services under JOBS or any other job services programs. These "make work" requirements are a poor policy for a number of reasons.

First, they are much like community work experience programs (CWEP) and it has been consistently shown that participants do not benefit from them. CWEP-type programs do not increase participants' earning capacity nor do they help move participants into private employment.

Second, in some cases parents of infants and pregnant women are often subject to the full panoply of work requirements, without regard to the demands of full-time parenting, which requires time, and physical and emotional energy.

---

[13] Richard A. Cloward and Frances Fox Piven, The Fraud of Workfare, The Nation, May 24, 1993, at 693.

[14] Id. at 693. A persistent assumption is that benefits are an incentive for women not to work, as if the grossly inadequate benefits were not reason enough for women to attempt to secure other income. If women could secure decent paying jobs, benefits are so low that women would take the jobs. In the median state, the basic assistance level is $367.00 a month, or $4400 a year. This is almost $9000 less than the federal poverty line for a family of three. Mimi Abramovitz, Spreading the Word About Low-income Women's Activism: Challenging the Myths of Welfare Reform 1 (1992).

[15] Jason DeParle, An End to Welfare? President's Proposal May Not Satisfy Expectation of Fundamental Change, N.Y. Times, June 15, 1994, at B7.

Third, many participants will lose benefits if they fail to perform satisfactorily, if they fail to accept a regular job, or if they quit or are fired, whatever the reason. This leaves women at the mercy of possible exploitation and arbitrary supervision in their makework jobs. If they are told they are at risk of losing benefits for their families, they are particularly vulnerable to abuse.

Fourth, and perhaps most importantly, these work requirements offer no opportunity for a family to improve its financial condition through employment. Makework jobs will likely be menial or dead-end jobs which offer no hope of advancement or opportunity for women to enhance their skills in order to secure better positions. Work requirements will thus not help women on welfare become independent. Most women are working anyway and this approach does not address one of the major causes of poverty for these women -- low wages.[16]

The proposals, then, are clearly problematic. At the very least, they should contain certain basic provisions. Any time-limit proposal should include exemptions for caretaker relatives, the disabled, parents of small children, and those who have other special needs. Proposals should be flexible, shifting the time limit in times of high unemployment, for example, and taking into account the diverse needs and problems of women. Real incentives should be implemented for those who want to work, such as increased earned income disregards, increased permissible asset accumulation, expanded Earned Income Tax Credit paid out to more low wage earners, and an extension of transitional health and child care benefits. States should encourage income packaging made up of paid employment and income assistance to low wage earners. Recipients would then be able to gain employment experience and work themselves into better paying jobs. Welfare recipients also need reform that provides for child care, health care, and child support enforcement.

2. What Do Women and Families on Welfare Need to Survive?

Time-limited welfare proposals are not designed to address the poverty of women on welfare and their families. Some two-year time-limit proposals in Congress include no job training or education. Instead, these programs would simply implement time limits without taking these more expensive actions to aid welfare recipients' transition to the work force. Even proposals that include training and education do not offer nearly enough. For example, some state plans have provided an entitlement to one year of education at 25% time during the two-year period. This could be 6 months at 20 hours a week, 3 months at full-time participation, and so on. Such plans would likely result in less access to education and training than in the current JOBS program.[17]

Studies show that welfare to work programs have been largely unsuccessful in the past because welfare recipients have been placed in low-wage jobs that do not improve job skills or sufficiently support their families.[18] It is true that welfare exits are accomplished primarily through contact with the labor force, but women with greater access to education and job skills obtain the more stable, better paying jobs and exit welfare more rapidly.[19] Investments in education also have greater returns than investment in work experience among poor women. Women with little education or many children only leave welfare when they slowly build an attachment to the labor force and their work experience, hours, or wages increase.[20] Single

---

[16] Kathleen Mullan Harris, Teenage Mothers and Welfare Dependency: Working Off Welfare, 12(4) Journal of Family Issues 492, 514 (Dec. 1991).

[17] States' inattention to training and education has been an ongoing phenomena. Congress instituted the JOBS program in 1988 as part of the Family Support Act, but it has not been fully implemented in many states because they lack the resources to obtain matching funds from the federal government. In 1991, states left approximately $400 million in federal JOBS funding unspent. Center for Law and Social Policy, Finding Funding for JOBS (1992).

[18] Kathleen Mullan Harris, Work and Welfare Among Single Mothers in Poverty 5.

[19] Id. at 7.

[20] Id. at 26.

mothers who substitute work for education experience greater persistence on welfare.[21] Thus, job placement alone will not insure that women will secure jobs that can support their families. Investment in education and training -- and adequate income support during the time women are on AFDC -- will be more beneficial in the long run than premature job placement.

Ultimately, time limits will do nothing to reduce poverty and they will do nothing to address the problems faced by low-wage workers which force many to depend on AFDC in the first place. The basic fact is that too many women need welfare because, lacking education or job skills, they can't find jobs outside the home that would support their families. What is really needed is private and public-sector job creation and reform of the low-wage labor market so that wages would support a family above the poverty line.[22] We need to close the gap between what single mothers can earn and what they need to support their families. Only then will women be able to move off welfare and be secure in the knowledge that their families will not go hungry.

III. Mandating That Teen Parents Live at Home

The Work and Responsibility Act, H.R. 4605, includes a section outlining proposed changes in the policies affecting adolescent mothers. Prominent among these changes is a proposal to require "minor mothers" to live at home with a parent or other responsible adult. States are currently allowed this option under the Family Support Act of 1988, but only five states have chosen to implement it. The administration's proposal would require all states to initiate this policy.

As explained below, such a mandate ignores the realities facing young mothers on welfare. Indeed, it could be harmful to dictate adolescent mothers' living arrangements.

A. Myths About Adolescent Mothers

The idea that living at home or with another adult alleviates the problems facing teen parents is based on several myths about teen mothers and welfare benefits.

- **Myth:** Welfare encourages adolescent mothers to set up independent households.

  Reality: While Clinton's welfare reform policies aim to encourage adolescent mothers to live with their families or a responsible adult, the great majority of teenage mothers already do so. A Congressional Budget Office study has shown that 82% of all unmarried mothers between the ages of fifteen and seventeen lived with their parents or relatives during the first year after the birth of their child.[23]

  Significance: The Administration's proposal may be addressing a problem that doesn't exist.

- **Myth:** Parents or guardians will provide a healthy, supportive environment for teen parents.

  Reality: A significant proportion of pregnant teenagers have a history of physical

---

[21] Gregory Acs, The Impact of AFDC on Young Women's Childbearing Decisions, 14 (1994) The Urban Institute, Washington, D.C.) (study indicates the chances of an out-of-wedlock or AFDC birth decline as educational attainment rises).

[22] The poverty line for a family of four in 1989 dollars was $12,675, or an hourly wage of $6.33 earned full-time for the entire year. Minimum wage is currently $4.25 an hour. In addition, 45% of all women workers earn less than $6.33 an hour. Institute for Women's Policy Research, Research in Brief, Mothers, Children and Low-wage Work: The Ability to Earn a Family Wage 1 (1992).

[23] Congressional Budget Office, Sources of Support for Adolescent Mothers, 19 (September, 1990).

or sexual abuse by members of their families.[24] A study done by the National Center on Child Abuse and Neglect found that of the teenage mothers they interviewed, 66% reported they had been sexually abused, while 54% of those who had been abused had been victimized by a family member.[25] Data from another study shows that of those pregnant teens who had been physically abused, 40% had experienced abuse during pregnancy.[26] Physical abuse, according to this study, was also more likely to come from a family member rather than a boyfriend or spouse.[27]

Significance: Given these statistics on physical and sexual abuse, the 18% of all unmarried minor mothers who decide to live independently of their parents or guardians may be choosing the safest alternative available to themselves and their children. Requiring adolescent mothers to live with their parents against their will could expose both teen mothers and their unborn or infant children to continued abuse.

- **Myth:** Parents or guardians are in a position to provide financial support to teen mothers.

  Reality: Some pregnant teens are unable to live with their parents or relatives because parents may be unwilling or financially unable to provide for a pregnant teen in their homes. In a study of pregnant teens done by policy analysts Martha M. Dore and Ana O. Dumois, when pregnant teens were living at home, "[l]iving arrangements tended to be precarious and crisis-prone, with clients constantly threatened with expulsion."[28] A mother who is still raising her own children may not have the physical or financial resources available to allow her daughter and grandchild to live at home.

  Significance: Mandatory live-at-home proposals will increase stress on families that are already under tremendous stress.

- **Myth:** Teen parents are unable and unwilling to accept the responsibilities of caring for a young child.

  Reality: Sociologist Arline Geronimus has found that contrary to popular belief, many teen parents have had extensive child care experience and have made long-range plans for the future care of their children. Such teens faced the births of their children with a practical awareness of the demands of infant care as a result of their extensive participation in the child care activities of their families. This experience enabled them to plan for their own futures. According to Geronimus, [m]ost had concrete plans for how, with the help of their families, they would

---

[24] Abbey B. Berenson, Virginia V. San Miguel, and Gregg S. Wilkinson, The Prevalence of Physical and Sexual Assault in Pregnant Adolescents, 13 Journal of Adolescent Health (1992); Mona McCullough and Avraham Scherman, Adolescent Pregnancy: Contributing Factors and Strategies for Prevention, 26 Adolescence (1991); Rosemary S. Hunter, Nancy Kilstrom, and Frank Loda, Sexually Abused Children: Identifying Masked Presentations in a Medical Setting, 9 Child Abuse and Neglect (1985).

[25] U.S. Department of Health and Human Services, Administration for Children and Families, Deborah Boyer and David Fine, Victimization and Other Risk Factors for Child Maltreatment Among School Age Parents: A Longitudinal Study, No. 90-CA-1375, (Washington, D.C.: U.S. Government Printing Office).

[26] Berenson, supra, at 467.

[27] Id. at 468.

[28] Martha M. Dore and Ana O. Dumois, Cultural Differences in the Meaning of Adolescent Pregnancy, Families in Society 96 (1990).

continue their education and work."[29] In contrast, those pregnant teens who had the least child care experience were predominantly white and had come from nuclear households. Many of these teens felt that despite their inexperience, they were expected to be the primary, independent caretakers of their children.

Significance: It is not welfare benefits, but social and familial expectations that encourage teenage mothers to set up independent households and become the full-time primary caretakers of their children.[30]

- **Myth:** Increased education will reduce welfare dependency of teens.

  Reality: While education is an important component of efforts to address poverty, for black women the difference between educational attainment and income is modest at best. Those women who delay childbearing are barely better off than those who had children as teenagers. "Black women [have] poor employment prospects regardless of whether or when they had children."[31] Higher educational attainment, in this case, may not result in either increased employment possibilities or increased income. Requiring adolescent mothers to live at home will not decrease their need for welfare benefits.

  Significance: Rather than focusing on punitive measures for minor parents, welfare reform should instead aim to improve education and job training programs, and increase job availability for mothers on welfare. Particularly when it results in employment and increased income, increased education can only help women avoid welfare dependence.

B. Conclusion

Ultimately, requiring adolescent mothers to live with their parents or other relatives in order to receive welfare benefits will not address the causes of poverty that young, single mothers face every day. This policy may instead require teen mothers and their children to live in situations where they could become the victims of physical or sexual abuse.

Regardless of state requirements, if a pregnant teen has a good relationship with her parents or relatives, and they are willing to support her, she often makes the decision to live at home rather than to set up an independent household. By second-guessing her decision and requiring her to live at home, the state may be placing a teen parent and her children in a potentially abusive situation.

If we want to enable adolescent mothers to become self-sufficient members of society who are able to support themselves and their children, welfare reform efforts need to focus on improving educational and job training opportunities available to teenagers and women on welfare, rather than on punitive measures that will restrict the alternatives available to teenage parents.

Thank you for the opportunity to submit testimony on these issues of crucial importance to poor women and their children.

---

[29] Arline T. Geronimus, Clashes of Common Sense: On the Previous Child Care Experience of Teenage Mothers-To-Be, 51 Human Organization 326 (1992).

[30] Id. at 328.

[31] Diane Scott-Jones and Sherry L. Turner, The Impact of Adolescent Childbearing on Educational Attainment and Income of Black Females, 22 Youth and Society 50 (1990).

EXHIBIT

August 8, 1994

Dear Member of Congress,

As national, state and local organizations with a diversity of views on many issues, we are united in our efforts to promote the health and welfare of America's families. We have been following the current welfare reform debate and are writing to express our concern about the **harmful impact of the CHILD EXCLUSION provision** contained in the Administration's proposal for welfare reform, "Work and Responsibility Act of 1994, H.R. 4605. This provision would allow states to deny AFDC benefits to any child conceived and born after the family enrolls in the AFDC program.

In the upcoming months, as you work with your colleagues to craft a Congressional response to the President's call for "the end of welfare as we know it," we hope that you will reject the idea of child exclusion and focus on the true needs of our nation's poor families, such as education, health care and economic opportunity.

Our principal concern is that child exclusion plans hurt the children of already impoverished families. By permitting states to cut off benefits for any child conceived while a family is on AFDC, the administration's proposed "reforms" will punish innocent children and their siblings in families struggling to stretch meager resources just to provide the necessities for their children.

Second, years of social science scholarship, some of it authored by high-ranking officials in the current administration, make it clear that people make childbearing decisions for complex and varied reasons. The promise of a tiny incremental gain in welfare benefits is not an inducement to have additional children. In fact, the increased costs of another child are not nearly offset by the additional benefits.

Third, support for child exclusion plans contravenes all of our national policies and legislative initiatives to promote "healthy children, healthy families." We all have worked hard to make sure that initiatives such as Head Start and the Women, Infants and Children program are adequately funded so that they can reach a greater number of poor families. However, proposing this particular welfare "reform" of excluding poor infants from basic subsistence coverage while supporting other programs for children is, at best, counter-productive.

Finally, any short-term fiscal saving to be gained from the exclusion of children from the welfare program will be more than outpaced by the long-term social costs of further impoverishing children and families already in distress.

Please contact Martha Davis of NOW Legal Defense and Education Fund at (212) 925-6635, Pat Reuss, NOW LDEF WDC office at (202) 544-4470, or Deborah Lewis, ACLU WDC office at (202) 675-2312 if you have questions or need more information.

NOW Legal Defense and Education Fund
ACLU (American Civil Liberties Union)

ADA (Americans for Democratic Action)
Advocates for Youth (formerly The Center for Population Options)
American Medical Student Association
Boston Women's Health Book Collective
BPW (National Federation of Business and Professional Women)
Bread for the World
California Women's Law Center
Catholics for a Free Choice
Center for Advancement of Public Policy
Children's Defense Fund
CLASP (Center for Law and Social Policy)
Center for Reproductive Law and Policy
Center for Women Policy Studies
Center for Women's Global Leadership
Center on Social Welfare Policy and Law
Child Care Law Center
Child Welfare League of America
Church Women United
Coalition of Labor Union Women
Connecticut Alliance for Basic Human Needs
Connecticut Commission on Children
Connecticut Legal Services
Connecticut Women's Education and Legal Fund
Episcopal Church
Equal Rights Advocates
Family Service America
Feminist Majority
Feminists for Life
Food Research and Action Center
Friends Committee on National Legislation
Institute of Sisters of Mercy of the Americas, Leadership Team
ISAR, A Clearinghouse on Grassroots Cooperation in Eurasia
Jewish Labor Committee
Justice, Economic Dignity and Independence for Women (Utah)
Legal Action Project of the National Committee for the Rights of the Child
Legal Assistance Resource Center of Connecticut
Legal Services of New Jersey
Lutheran Office for Governmental Affairs, ELCA
MADRE
MALDEF
MANA, A National Latina Organization
9 to 5
NAACP Legal Defense & Educational Fund, Inc.
National Abortion Federation
NARAL (National Abortion and Reproductive Rights Action League)
National Association for the Education of Young Children
National Association of Child Advocates
National Association of Commissions for Women
National Association of Social Workers
National Black Women's Health Project
National Consumers League
National Council of Churches
National Council of Jewish Women
National Council of LaRaza
National Council of Senior Citizens
NEA (National Education Association)
National Family Planning and Reproductive Health Association
National Hook-Up of Black Women
National Jewish Community Relations Advisory Council
National Latinas Caucus
NOW (National Organization for Women)
National Welfare Rights and Reform Union
National Woman's Party
National Women's Health Network
National Women's Law Center
NETWORK: A National Catholic Social Justice Lobby
Northwest Women's Law Center
Oregon Food Bank
Planned Parenthood Federation of America
Presbyterian Church (USA), D.C. office
Puerto Rican Association for Community Affairs
Puerto Rican Legal Defense & Education Fund
Religious Coalition for Reproductive Choice (formerly Religious Coalition for Abortion Rights)
Salt Lake Community Action Program
Seamless Garment Network
Stanislaus County (CA) Welfare Rights Organization
Unitarian Universalist Association, D.C. office
Unitarian Universalist Service Committee
United Church of Christ, Office for Church in Society
Western Center on Law & Poverty
Wider Opportunities for Women
Women and Poverty Project
Women Employed
Women of Color Partnership
Women of Color Resource Center
WOMEN OF REFORM JUDAISM
Women Work!
Women's Action Alliance
Women's Economic Agenda Project
Women's Equal Rights Legal Defense and Education Fund
Women's Law Project
Women's Legal Defense Fund
Women's Self-Employment Project (Chicago)
YWCA of the U.S.A.
(list in formation) 8/8/94

PARENTS FOR JUSTICE
3 Pleasant Street
Concord, NH 03301
603-746-4817
Advocacy for Low Income Single Parents in New Hampshire

Submission for the Record

Hearing on Time Limiting Cash Assistance
in President Clinton's Welfare Reform Proposal

Subcommittee on Human Resources, Committee on Ways and Means
U.S. House of Representatives

by
Sara Dustin
Director, Parents for Justice

The imposition of a two year limit on AFDC cash assistance will create serious immediate problems for the JOBS program in N.H., and lead to both short and long run difficulties in our economy and our society. As a prelude to the concrete description of these problems and the earmarking of the specific passages in the Work and Resposibility Act of 1994 which will trigger them, the main matter of this submission to the Committee, I would like to comment briefly on the assumptions underlying the Administration's belief that the curtailment of public help to young single parents raising very small children, will produce stronger and healthier families, children and communities.

I. Problems with the Underlying Assumptions

(1). Dependency and its Cures: The proposal to limit welfare assistance to 24 months and to instead steer young would-be recipients firmly into the job market is based, first and formost, on the assumption that the dependency of women raising young children is both unnatural, and curable. In fact, throughout the whole record of human history, there is no time or culture in which women engaged in the demanding and time consuming work of bringing human young along to the point where they can fend for themselves are asked, or expected,to be able to do this without outside help from some source, a mate, a kin group or the community as a whole. It is also clear that if this help is not forthcoming, it is a task that cannot be performed very well.

Our economy no longer supports the task of child rearing very much, not for working class married women and their husbands, who both must spend fulltime in the out-of-home workplace,no matter how young the children, just to pay for basic necessities of food, shelter and transportation; and especially not for working class single parents who, unaided, must earn two fulltime salaries, one a man's,and also perform all the housework, yard work and vehicle maintence work they can before even attending to the children, in order to provide for the children's material needs. In N.H., a carefully done state study estimates that a single parent with two children needs to earn $1822 a month in 1994 to pay for the basic, indispensible material needs of her family, even if her child care and medical costs are completely paid by the state. If she earns minimum wage, she will make $748 a month; at $6.00 an hour, the standard working womans entry wage in N.H. right now, $1032, if she only works 40 hour weeks.

It is very unclear whether the Work and Responsibility Act of 1994 intends to pick up all of the working, low-wage single parents child care costs and medical costs, or just part, and the $350 a month maximum EITC credit still leaves the N.H. mother with a $450 a month deficit, even under the best conditions, I do not believe that we can reliably count on child support collections, no matter how draconian, to fill this gap. On the working class level, mens' wages are so marginal I don't believe the money is there. I believe that under this plan, the workingclass mothers of young children will find themselves in large numbers working ten to twelve hours a day before they can even start to attend to the work of the household or the needs of the children, or going short of fundamental necessities. And the Administration's bill proposes that we place the very youngest of our mothers, those who are just learning how to

to run a household and care for children, and who have the least experience in the workplace and are the least able to command a good wage, in this impossible situation.

Even though they are mothers, and thus all capable (at least in the eye of the child who lives on within us when we grow up), I don't believe 20 year old women are able to dispense entirely with sleep,or materialize the rent out of the either. In our continuous expectation that poor women can work miracles, raise children on AFDC grants that are 1/3 to 1/4 of minimal family budget levels, or both care for and support young children in the current economy, we guarantee that a large portion of our nation's children will continue to be subject to deep material deprivation or severe deprivation of parental attention, or both. We also guarantee that the long term social problem that arise from the physical and emotional neglect of children will continue and intensify.

Questionable Assumption (2); The Causes of Family Break-up and its Cures:

While the dependence of mothers with young children is an inherent consequence of the long dependency of human children, and thus uncorrectable through legislation, what does seem to me to be new and relatively unnatural is the increasing failure of young parents to maintain the successful matings necessary to sustain them through the dependent period. The second assumption underlying the Administration's decision to ask for time limited welfare assistance is that this failure to form or maintain intact families is caused by the easy availability of open ended AFDC assistance. This is not my observation. If the single parents who come to Parents for Justice for help are at all representative, what is pushing young mothers out of wedlock, or dissuading them from ever entering it,is an epidemic disarray among the young men available to them.

The story I hear again and again is of the young woman who graduated from high school, married her highschool sweetheart and proceeded to have children in the good faith expectation that he would be there through out their youth to help her support them, and then finds to her dismay that he's not up to it. Instead of evolving into a father, he begins to increasingly display a jealous, possessive infantilism of his own, which is directed toward her in the form of emotional and physical abuse which is intolerable to her and unhealthy for the children. She runs. Or he may begin to manifest this behavior so early in their relationship that, even pregnant, she knows she cannot safely marry him. Psychologically healthy young fathers also run when they discover that the mothers of their infants are similarly afflicted with irrational angers and destructiveness.

These observations resonate well with studies conducted elsewhere in the nation on unwed teen parents, which show that up to 75 or 80% of them were physically and/or sexually abused in their homes, good evidence that their parents were too infantile to handle the task of child rearing. The question is then, where to intervene in this cycle of bad child rearing so as to produce young men who are mature enough to husband and father N.H.'s young mothers, and parents in the ghettos of Chicago who are skillful and mature enough to raise secure and confident young women. The answer is probably not by taking AFDC away from young mothers at earlier and earlier stages in the lives of their children and focusing mother's attention away from the task of raising them to the task of supporting them.

The way to create adults with infantile behavior patterns is to deney them, as infants, the chance to satisfy their infantile needs when they are appropriate, an event that almost quarantees that they will continue to try to satisfy them in all their subsequent relationships; especially, if they are male, when they replace mother in their emotional life with another woman of equal significance, their first mate. One of the deepest needs of infants and toddlers is the presence and attention of mother. By enforcing yet an earlier separation between mother and child on yet a broader segment of society than our economy already exacts, we practically guarantee that the next generation will be even more poorly raised, more emotionally needy, and harder on their mates than the current one. We should

be pushing things the other way for all working class and middle class Americans, not taking away the time to raise children successfully from the last group of Americans who are not members of highly priveleged economic groups who still have it, single parents on AFDC.

A Better Plan for Intervening in the Unsuccessful Family Cycle, and Moving Single Parents on Welfare into the Workplace: The most effective place to intervene in the cycle of unsuccessful family life that produces young women who get pregnant too early and young men who abuse or abandon their mates is during the earliest stages of child rearing. What an AFDC mother really owes us for our support during her children's earliest years, and what we really need from her, is not a premature jump into the job market, but well raised, effective young adults twenty years from now. For the sake of the future, we need to make sure that each mother who comes into the AFDC system is equiped with the skills to perform this task to the best of her ability, so that her sons and daughters will grow up with good child rearing skills and the capacity to function well as mates.

The members of Parents for Justice have always placed a central value on child rearing, but our Board has not been opposed to time limits on welfare if they allow reasonable time for the execution of this task and take account of the economic realities facing single parents re-entering the workplace. In 1983, our Board devised a plan for staging AFDC parents back into the workforce on a schedule which was compatible , we thought, with the successful raising of children, but did not permit parents to linger on, on welfare after their children were securely established in school. We offered this as a quid pro quo for adequate benefit income when the children were so young they needed our full time attention. At that time, a cost analysis of the plan was executed by Vee Burke of the Congressional Office of the Budget and this document may still exist.

I am submitting a description of this "Staged Work Re-entry Plan", updated for the economic and social conditions of the 1990's, with this testimony because I believe it will be useful to the Committee when it deliberates on the appropriateness of the the Administration's time limits on assistance and its schedule for client self sufficiency. It sets out the schedule that the real experts, a group of young women emerged in the work of raising preschool children, thought they could manage while still paying adequate attention to the needs of their children. In the up dated version, we have added the provision that the first thing required of the AFDC client when she enters the system is not job search, but participation in the activities of a parent-child center where she can acquire first rate child rearing skills, a requirement which would be year long if she enters with a newborn, and occupy the Administration's whole deferal period. We are recommending that this training be subcontracted to the folks who have a proven track record of increasing the physical, psychological health and intellectual functioning of children and their parents, the Head Start Program. This part of the proposal, incidently, was suggested by a number of N.H. legislators who are concerned about the inadequacy of much of the child rearing they see on the AFDC program. A bill expanding the N.H. JOBS program to include this kind of of training will entered in this January's legislative session. I hope you will create a receptive federal climate for it, because it is probably one of the single most important things we can do to improve our states economic and social future.

II Specific Problems the Two Year Time Limit Will Create for the N.H. JOBS Program:

N.H. inadvertently ran an experiment giving the mothers of pre-school children two years to prepare for the workforce by requiring that JOBS education and training benefits, child care, transportation assistance etc., be spent down within that period, and by encouraging women who still had children in diapers, or who had mutiple children under the age of 6 or 7, to participate, even though the state JOBS plan did not make participation mandatory till the youngest child in the family reached age three. Because young N.H. mothers stuck

on welfare feel keenly the need to support themselves and their children, have experienced first hand a failure to do so in the low wage jobs available to high school graduates, and are therefor very eager for higher education, many women with extreemly heavy child rearing duties attempted at the same time to cram as many courses and professional practiciums as possible into the two years they were alloted. As a result, we had, among the JOBS population attempting post secondary education, a number of family tragedies and near tragedies. A three year old boy landed in Boston's Children's Hospital with life treatening adrenal exhaustion; his mother, a two year nursing student, followed him quickly with a collapsed lung. A 17 year old girl, made responsible for most of the family's after school child care and housework duties by her father's girlfriend's immersion in her two year nursing course, attempted suicide. The 12 year old daughter and 14 year old son of a mother so busy winning a 4.0 average in her hotel management course that she could only tell them to get their own supper and leave her alone in the evenings, stopped coming home, and the girl is now in the youth detention center. On the basis of these experiences, and the reports from mothers of lesser but still disturbing dificulties with their children, the administration of the NH JOBS program decided to modify the rules governing the spend down of JOBS benefits so that client parents could spread two year post secondary education programs over three years, and spend more time with their children.

In addition, because of the very high cost of maintaining a household in N.H., with its relatively high rents, very high home heating and utility costs, and lack of public transportation which necessitates the maintenance of a car, the N.H. Jobs program has relied heavily on these two year professional level training programs, and full four year college preparations, to bring AFDC parents up to the level at which they can command a living wage. Fully 31% of N.H. JOBS participants are in post secondary education programs, most of them requiring a full two years of study, even if the courses are not spread out over a three year period to accomodate child rearing.

The two year period alloted to preparation for the work place under the Administration's plan, as set out in the Work and Responsibility Act, requires the entering client to engage in at least six months of job search during that period, three at the beginning of that period, and three at the end. Therefor,even on the face of it, it does not allow the time to complete the two year nursing, occupational therapy, or x-ray technicians course which will equip a N.H. mother to support her family. Even if a mother entering the system in June, were collected enough and ambitious enough to deal with the fall out of a recent family breakup, perform her three months of job search, and complete all the steps required to apply for Jr. college, complete the financial aid process, and be enrolled in school by Sept., she would still have to abandon her training in March of her second year, at least three months before its completetion, to return to job search. Within this standard schedule, there is obviously no room for the moderated three year study schedule we in N.H. have found essential to the health of the single parent families engaged in post secondary job preparation.

The administration's bill does offer states with clients pursuing post secondary training the right to grant them extensions to complete their course of studies. However, the stste is restricted to offering extensions to only 10% of its caseload, not 31%, and this 10% must also cover all clients who need more than two years (read 18 months) to complete their GED; the learning disabled, illiterate and non-English speaking, who are expected to need more time; and clients who have a right to more time because the state failed to provide their JOBS services in a timely manner. It is quite clear that N.H. will be unable to conduct its JOBS program in the manner that it has chosen in order to maximize the long run financial and social health of its single parent families, under these constraints.

<u>The nation implications of N.H.s experience:</u> The Work and Responsibility Act of 1994 proposes to put all of the nation's young single parent mothers on welfare under the same pressure to pack as much education and training as they can access into a time period that

in practice is even shorter than the two years allowed by N.H. in the early 1990's. Women walking into the welfare office immediately after the trauma of an unwed prenancy or abuse, desertion and the break-up of a family, will be told they must immediately focus all their attention, not on repairing the damage to themselves and their children, but on the problem of becoming self supporting, and they will be told that they will only have two years to do it in. A large portion of them will throw themsleves into this effort with even greater intensity than the women of N.H., for not only will they be motivated by the two year limit (less 6 months) for studies, but they will also be panicked by the prospect of no aid afterwards. It is reasonable to expect that the family disasters experienced in N.H. as a result of our two year JOBS limit will be multiplied around the nation, and that a few years from now you will all be sitting here reconsidering the policy, as N.H. did.

Recommendations: Do not adopt a two year time limit on job preparation and AFDC assistance. Instead, consider a schedule which is more in harmony with the demands of raising small children. I recommend the schedule set out in the accompanying "Staged Work Re-entry" proposal. If despite this you do adopt a two year time limit on AFDC assistance, it is imperative that you allow states more generous extension limits so they are able to send young mothers out into the workplace equipped to compete in the modern economy.

III. Adverse Short and Long Run Economic and Social Effects of the Work and Responsibility Act

The primary long run adverse social effect of the Administration's proposal stems from the enforced parental neglect of small children it will require. On the average and on the whole, children who receive less time and attention from their parents in their early childhood can be expected to grow up less secure and less developed, Therefor the Work and Responsibility Act promises to leave us with a legacy of trouble, and also to short change our future by deneying us the fullest development of the talents of our next generation. It also presents a number of specific problems.

A. The Strong Bias Against Education or Meaningful Training: In order to prosper in the 21's century, N.H. needs all of its citizens, even its women, to have strong job skills. The Work and Responsibility Act places many barriers between the client and the acquisition of these skills, and instead will send most mothers out into low wage, low skill jobs with no future, thus condemning them and their children to intense poverty for the forseeable future, and condemning us to suppliment their incomes out of state, federal and local tax revenues for the rest of their lives. These are:

1. First and formost, the up front job search requirement, which practically guarantees that the brightest and most competent of the young mothers, those most likely to profit from and succeed in post secondary education, will be snapped up by employers and channeled into the low pay, dead end jobs available to high school graduates,before they get a crack at the JOBS program.

2. The failure to require the states to provide older mothers with JOBS services. Older women, whose children are apt to be older and to need less attention, are far more able to suceed in education and job training programs than young mothers burdened with toddlers, and to do so without great psychological damage to their kids (granted relaxed study schedules). The bill proposes we write them off.

3. The 10% cap on extensions to complete school (already discussed).

4. The failure to require the states to aid WORK clients who wish to train or study, with JOBS benefits.

5. The decision to count the earnings of a 17 year old doing work study in college as family income and deduct it from the grant (page 164 "Leg. Specifics, 3.(a))

Finally, there is the requirement that mothers requiring an extension to complete their post secondary education or course of training be granted an extension only on the condition that they"work" 15 hours a week. This is a provision that is so cruel, and so sexist, that it requires a section to itself. I have a sometime Board Member (she is now too busy) who is struggling to complete a two year course in physical therapy at the University of New Hampshire, so she can support her children. She puts off her studying in the evening until the children are in bed so she can give them her full attention for the few hours between the time she picks them up a day care and that event. She then has to study to one or two in the morning to make up for that lost time. She has to get up at 6:15 every morning in order to get them out of bed, dressed and fed and delivered to their day care in time for her to make her eight o'clock class. And she does this day in and day out.

She is not on public assistance because she was irresponsible in her child bearing, and she doesn't need to be "delivered a message". Her husband, the father of her children, abused her. And she learned last year that he was sexually molesting their 6 year old daughter during the child's visitation. Despite her efforts to put aside time exclusively for her children during her day, it is a cause of great sadness to her that she was unable, because of the pressure of school work, to put aside enough time to help this child cope with the double trauma of this assult on her integrity and and her entry into first grade. As a result, the child had a distrubed and less than productive school year. Hers is one of the cases which led the N.H, Division of Human Services to relax its JOBS spendown schedule.

The idea of our government imposing yet another 15 hour obligation on this woman, or any of the other many mothers struggling to equip themselves for independence in the workplace under similar circumstances, fills me with anger, and I am appalled that a person so oblivious to the realities of single parenting as to think such a demand appropriate, should be working on national family policy at all. I am equally angered by the implication inherent in this policy that she only justifies her existence by the work that she does out side the home, the 15 hours, and that her work rearing her children is of no value. The position that a woman is only of use to society in as far as she labors in the outside workforce is certainly one of the quiding ideas of this bill.

It is also the position which was articulated by the senior majority staffer for this sub committee at a recent conference of welfare advocates. When questioned why Committee hearing announcements persisted in refering to women raising children on welfare as "not working", when raising young children is obviously so much work, and not "living a productive life" when growing a full fledged human being who can join in the work of the community is obviously the central act of human productivity,he rather lamely commented that "Well, the women owe the community something for the help they are giving her." It is important to remember that in bearing a child, a woman still incurs a risk to her life which is greater than that incurred by the soldiers who participated in the Gulf War or the Panama or Grenadian excursions; that up to rather recently the mortality rate of women in child birth exceeded that of soldiers in full out wars; that during the first months of the child's life she gives up all her own plans and ambitions to tend it around the clock; that for years she continue to put her own concerns second to care for it and then to support it; that unlike a soldier, who signs on for four years, she, when she bears a child, undertakes a committment which requires her intense attention for many years, and which really never ends untill she well into her old age and no longer has the strength to give. It is astonishing to me that while the self sacrifice of the soldier, which results in destruction, is honored, the equivelent self sacrifice of the mother, which results in life, is passed over as nothing. It seems to me that she doesn't owe us; we owe her. I believe also that we pay as a society for the easy dismissal of her social contribution, and the consequent

failure to allocate adequate social resources, including parental time, to this task, with an unnecessarily poor end product in our young people.

Recommendations: In order to ensure that any welfare reform results in an upgraded rather than deteriorated workforce, eliminate the automatic up-front work search requirement and replace it with a careful assessment which explores whether the parent can profit from further training or education, make JOBS services available to the older cohort of mothers as well as the young, enlarge or remove the cap on extensions to complete JOBS training and education , extend JOBS benefits to WORK clients who wish to improve their skills and employability with training, and continue to disreguard the earned income of dependent children who are in post-secondary education.

In order to assure that mothers and children survive their JOBS training, eliminate the requirement that clients with educatinal extensions also work 15 hours a week. It is also important that you do not require older mothers who volunteer for JOBS to pay for access to this training with the acceptance of time limited status (Legislative Specs. page 16 (g)i.). I cannot think of anything better calculated to persuade a parent who cannot predict the future of her family, or her own marketability in the workplace, from attempting to get more training.

B. Intense Downward Pressure on Wages and the Erosion of Working Conditions for All Low Wage Workers:

The discharge of almost one and one half million young women with few advanced job skills into the American job market contemplated by this bill two years after it is put into effect will automatically, of itself, depress wages for the working poor and worsen their job security and working conditions. In addition, provisions of the bill quarantees that the women will be let loose upon the job market with almost no personal power or recourse, under conditions which render them desperate, and this will intensify the normal downward pressure on wages and job conditions caused by an excess of labor supply over demand. This will be very hard on the working people of N.H., who are often in low wage jobs, and especially hard on the older mothers who have managed, with great effort, to work their way off the AFDC system, who will be easily displaced by younger women willing to accept lower pay and inferior working conditions and often accompanied by federal subsidies to their employers. The specific provisions of the bill which will aggravate these economic problems are:

1. The adoption of a job ready criteria which asks only for a high school diploma or non-negligible job experience. This quarantees that the young mothers will be channeled into the lowest paying, contingent jobs with the fewest benefits our society offers.

2. The provision that the JOBS or WORK client cannot refuse any job offer of 20 hours a week or more, without good cause, and the imposition of a whole family sanction against any client who commits this crime,

and

3. The imposition of the same penalty for quitting a job in the private sector without good cause.

My case load is made up 50% of mothers who have had the most outrageous demands made on them, or suffered the most unjust penalties, by line case workers who do not remember, or never learned, good cause. The worse thing about these cases is that the incidents are always 8 months or a year old. They come to light during a discussion of other problems (like child support). The mother knows that she has been injured by the case worker's decision, but she has no idea that that decision was illegal because she has no access to the rules of good cause. The mother who ended up in the hospital with a collapsed

lung was put there by a JOBS worker who told her that she had to make every single one of her nursing classes on time or she would be sanctioned, even though her son's doctors required her to attend at his bedside 80 mile away, daily, so he could recover; this even though the good cause exemption from JOBS participation when a child is sick is clearly written in the N.H. JOBS rules.

Programs reach welfare case workers in the the simplist possible form. Most N.H. case workers will only know that the women are supposed to take any job offered, and stay on it, or be sanctioned. Unless you are prepared to legislate that the good cause rules for refusing a job be printed on the workers' forheads, so the clients can see them, and on the palms of their hand so they can remember them themselves, they will not be administered by most workers, and I will be listening to mothers who are forced to stay in graveyard shift jobs that keep them up 48 and 72 hours at a stretch because they can't get help paying for daytime child care so they can sleep, who are force to travel from here to the seacoast and back every day, a 3 1/2 hour commute, who have to perform work over and over again that injures their backs, and who have been sanctioned from all aid because they had to stay home from work to accompany their children to the innumerable case worker, psychologist and court appointments imposed on them by the child protection service when Dad comes under suspicion of child molestation. I am citing a small sample of the innumerable real cases that come my way.

It is also quite clear that good cause will not include the right to refuse a job which will not, even with the EITC, support ones family. Almost any twenty hour a week job will provide at one and the same time, enough income to disqualify the family from AFDC and far,far too little to support a working family which must provide itself with transportation back and forth to daycare and work as well as meet basic subsistance needs for food, clothing, housing, and utilities. If the authors of this section of the bill were interested in ensuring that the parents'job would provide for her family's needs, they would not have chosen 20 hours a week as the defining characteristic of a mandatory job in the first place. The existence of a good cause requiring that the job pay enough would contravene the intent of the legislation which is to move them as speedily as possible into the workforce.

The effect of the "can't refuse" rules are to place the welfare mother in the same relationship to her prospective or current employer as the southern Black in the 1930's. She can't say no, and she can't complain. The right to protest works well only for people who have some personal power and the knowlege of how to do it effectively. Young women as a whole tend to be unassuming and inexperienced. If you pass these provisions, I know I will see women think they have to stay on a job even though the work injures them or the boss insists on using them sexually. I see them already. This will make it worse.

Other provisions of the bill which will render young mothers desperate and powerless in the job market are:

4. The provision that there shall be no compensatory rise in food stamps or housing subsidies during the period of the whole family sanction.

5. The WORK rules that apply whole family sanctions if the mother refuses, quits or is dismissed from a WORK assignment without good cause,

in combination with

5. The application of the definitions of misconduct utilized in the states unemployment insurance program to these dismissals.

The administrators of public programs can be, at times, just as unscrupulous as employers as private businesses, and sometimes, more so. In addition, they are usually better connected in the official world, and more powerful. Women can be, and are fired by the best intentioned do good organizations because their personalities don't suit the administrator, because they are too assertive, because they are whistle blowers or sources of other kinds of embarassment to the

management, and then made to look very bad. For example, one of my Board Members has recently been fired for misconduct by a non profit which is responsible for providing home health care aids to the disabled and the mentally retarded. Her crime? xceeding her authority by ordering a desperately needed piece of medical equipment for a very heavy, sick diabetic woman she was assigned to care for which the doctor had ordered, but the agency was stalling on providing. When this case went to abitration at unemployment agency (after her unemployment benefits were denied), the agency argued, in the face of her evidence to the contrary, that the equipment had not been Dr. ordered, and that therefor she imposed an unauthorized charge on the agency that medicaid would not cover. The arbitrater agreed. When she went up to him afterwards with the Dr.'s letter plainly ordering the equipment, which had been entered in the evidence, he told her that he "was sorry, " his"hands were tied."

The N.H. Division of Employment services has a powerful and unpleasant reputation for bias against the employee. N.H. bureaucrats do not tolerate assertiveness in clients very well. I fear that is you leave the economic fate of single parent families in the WORK program in their hands as these provisions direct, families headed by young women who are not willing to put up silently with injustices, irrationalities and impositions at their WORK sites will find themselves with out income for long stretches. The objections outlined above in relation to the job refusal and quit penalties all apply here as well.

Displacement: No matter how carefully you legislate, the influx of large numbers of amenable, frightened young women who can't say no to any job into the low wage workforce is going to displace existing workers, especially older women. Employers prefer young women to old, on the whole, unless the older women are especially skilled. However, particular provisions of the Work and Responsibility Act will intensify this phenomina. I ask you to consider carefully the following:

1. The increased use of wage subsidies to secure ex welfare clients jobs. While the hiring of a subsidized empoyee may not immediately result in the displacement of an existing employee, employers who are tight financially tend to favor subsidized employees , which can lead to displacement down the line. For example, UNH hired a number of women to make beds and clean dorm rooms early this spring, on a contingent basis, promising all of them a chance for permanent statuts and access to the university's excellent health benefits and courses if they stayed. This summer, after the state budget process unfolded less favorably than they expected, they laid off all but one. The one who will get the permanent status is not the best worker,; she is in fact more than a little mentally retarded. However, she comes with a federal subsidy.

2. The loosening up of the displacement rules to permit work supplementation participants to be assigned to unfilled vacancies, to permit the filling of government vacancies after 60 days and union vacancies after 90.

2. The instructions that states employ WORK participants as child care workers and home health care workers. These are already the jobs of last resort for single parents already in the workplace in N.H., and in regions of the state hard hit by defense cut backs, there is already heavy competition for these positions.

Recommendations: The N.H. Job Market is already extreemly tight. Last year the Governor hired on an expert to assess the job situation and attempt to locate sources of jobs for N.H. 's single parents on welfare, in preparation of federal welfare reforms along the lines proposed by the President. I spoke to him three months into this task. He said, and I quote "I can't find 10,000 good jobs in N.H. I can only find 50 good jobs." His definition of a good job at the time was one that paid $11.00 an hour, a figure both he and I agreed was the minimum a single parent could struggle along at, if all of the supports contemplated in the Work and Responsibility Act were in place. I then asked him, SteveKennedy, if he could come up with

10,000 lousy jobs. He said "No". I do not advise you to pass any legislation which will send large numbers of mothers out into this economy at one time. I further recomend that you do not pass any law that requires young women to take any job that is offered them or that imposes full family penalties for infractions of the work rules.

C. Elements of the Work and Responsibility Act which Will Increase the Poverty and the Distress of Single Parents and their Children:

(1) The requirement that single parents applying for the first time, a period when their families are apt to be in crises, go out immediately on job search with no more ammunition than a highschool diploma or no diploma and a little job experience. A perscription for poverty and intense family tension.

(2) The requirement that parents who have moved off the AFDC system into the job market, and failed, also go immediately back into job search. Women at this stage in their existence are also apt to be in a terrible state of disorganization. The events that send working single parents back to the AFDC system are sickness, transportationlessness or homelessness, and a mother coping with these emergencies is in no condition to job search. Furthermore, these troubles are usually due to the inadequate capacity to command income. Sending her immediately back into job search simply quarantees more poverty and more failure.

The returning mother should be granted time to recoup, and be re-evaluated for a deferral or for further traing.

(3) The premise that WORK participants can cover both their payroll deductions for Social Security taxes and their transportation expenses out of their $120 work expense discount quarantees that N.H. women in the WORK program will be worse off financially than their sisters on welfare. The delivery of children to daycare centers and daily attendence at WORK sites,in a state with no public transportation, requires the maintenance of a car. The state minimal budget study estimates that the cost of running the low income family's car is $180 a month in 1994. I think that is low, because by the time single parents have been processed through the AFDC system that far, the car they brought into the program with them is an old wreck with balding tires requiring constant repair.

I do not believe that N.H. WORK mothers will be able to maintain a vehicle on a combined income of grant and WORK wages which hovers around 500 or 600 dollars a month. Unless a transportation allowance is provided along with the WORK pay. they will be unable to participate reliably, and will end up either deferred, or sanctioned and "on the town" at the expense of the local property owning taxpayer.

(4) I am very pleased that the writers of this bill decided set the wage for WORK at the rate paid comparable employees performing the same kind of work, rather than the flat minimum wage of the CWEP program. That is far more fair. However, the addition of the phrase "and having similar employment tenure with such employer" creates a loophole which will continue to permit employers to pay women in mandatory workslots less for the same task than employees with higher status, and thus perpetuate their poverty and their humiliation. Since WORK participants have no tenure, and since they will almost always be the most junior employees at any workplace because they are limited to a year at any one job, the directive that they be paidthe same rate as employes performing similar tasks and having similar employment tenure opens a back door through which they can always be paid less than others. Congress should eliminate that phrase from the bill.

Since the right of WORK employees to thebenefits, working conditions and rights granted to regular employees performing similar tasks is also contingent upon their sharing equal tenure when they have no tenure, and is thus equally easy to

circumvent, Congress should eliminate the qualifying phrase here, also.

(5) I am very worried about the fate of WORK participants whose children are sick often enough to use up all of her alloted sick days and to force her to stay home with out pay frequently, but are not sick enough to win her a deferment. I am also worried about women doing WORK assignments in shops that close for holidays but do not offer untenured employees holiday pay. Since WORK clients are only paid for the days they work, I can see many such families celebrating Christmas and New Years with short paychecks, like my husband and I did the first Christmas we lived in N.H., a year that those two holidays fell midweek.

I also notice that because WORK clients are women and mothers, they are naturally expected to work year round with no vacation. Or is the interim between one year's WORK assignment and the next supposed to supply that?

Poor children, especially those with chronic bronchitis, who are very comman in N.H., can be sick very frequently, often enough to be forced to repeat first grade. The incomes of WORK mothers will be marginal at best, and reducing them will further erode the diets of sick kids and make their houses colder. And even poor kids deserve a couple of weeks at grandma's. Congress needs to correct these provisions.

(6) The establishment of a minimum work standard of 20 hours a week,

coupled with

(7) a woefully inadequate work expense discount of $120 a month.

This bill requires mothers to move out into the workplace if they are offered a job paying minimum wage for 20 hours a week. If I translate that into N.H. terms, where she will probably be making $6.00 an hour, I come up with the following aggregate monthly income for a family of three:

$516	average monthly earnings
$154	residual AFDC grant
$140	EITC surplus after payroll deductions
$810	Sub total
- 180	expense of running a car to go to work
$630	disposable income

I am assuming that everything else in the benefit package stays the same; since they are still on AFDC, they still have medicaid, that their entire child care tab is still picked up by the state, and that their Food Stamp allotment goes down only slightly, because of the preferential treatment given earned income, even though her countable income is about $100 higher than it was when she was on AFDC. Since her rent wil be about $500 a month for a low end apartment with two bedrooms, she is left with $130 a month to pay her utility bill (at least $60), very possibly her heat, clothe her family and do the laundry at a laundrimat, and buy food for them at the end of the month after the food stamp allotment runs out.

I do not believe that participation in the work force is sustainable for very long at this income level. In the 1980's, women working 40 hours a week, and attempting to sustain families on similar budgets (because we did not at that time subsidize their child care and this ate up approximately the additional 20 hours a week of earnings) lasted about three to six months in the workplace before collapsing back on AFDC. The budgets were so tight, they could not accomodate any out-of-the-ordinary expenses, and what typically put them out of business was the need of a car repair, which could only be paid out of rent money, which then put them behind with their landlord. Two rounds of this, and they faced eviction, followed in rapid order by joblessness as their other troubles eroded their capacity to perform adequately onthe job.

A policy which rests its hopes on the expectation that once a single parent is out in the work force some way or another, for 20 hours a week, she will pick up the extra hours and the pay raises necessary to sustain her there, had better have a way of ensuring that she can stay there long enough to acquire these necessary things. The 20 hour a week minimum work standard only makes sense if earned income discounts against the AFDC grant are set high enough to ensure that her combined earnings and residual grant are at least enough to cover ordinary reoccuring household emergencies, like car repairs, as well as a standard of living that is adequate to maintain family health. A child who is sick all the time because mother cannot pay the home heating bill or provide an adequate diet will knock a mother out of the work force just as effectively as loss of housing or transportation.

The official administration goals for the earned income disregard is that it will "make work a more attractive, rational option for those who would continue to receive assistance," and "improve the economic well being of those who need to combine work and welfare." As I believe my budgets amply demonstrate, the $120/mo. disregard actually proposed by the Work and Responsibility Act contributes very little to either of these goals. In order to ensure that these families will survive the difficult entry year with its low pay, poor hours and poor benefits, Congress should substitute the earned income disregard provisions of the Matsui bill instead, at least. In my considered opinion, this is not fully adequate either, and only the $200, 50% structure being requested by a number of states, including my own, will begin to provide low wage single parents with adequate income to sustain their families during this fragile period.

D <u>Changes Proposed by the Work and Responsibility Act which Increase the Well Being of Low Income Single Parents and their Children</u>

The Act contains a number of proposals which correct long standing problems in the AFDC program, and which should be preserved. Outstanding among them are:

(1) Concerning post secondary education in the JOBS program, the redefinition of participation as half time enrollment in a degree granting post-secondary educational institution, (replacing the Herculean requirement of twenty class hours a week), and the requirement that there be co-ordination between JOBS and the Carl D. Perkins Educational Act. It is important for the wellbeing of their children that the right of JOBS parents to undertake post-secondary education on a 1/2 time basis be made clear, and it is equally important to ensure that that right is a practical option by ensuring that the federal educational grant and loan programs that pay their tuition will grant this aid to mothers going to school 1/2 time. At this point, federal education assitance is only available to full time students.

(2) The indexing of the total capped JOBS/WORK entitlement, the work expense disregard, the $50 child support pass through, and the excluded value of an automobile as part of the family resource limit.

(3) The authorization of the states to use JOBS/WORK funds to help AFDC parents entering the workforce stay the , especially the authorization to use these funds for transitional clients' auto repairs!!!

(4) The authorization of the states to use WORK funds to employ participants in temporary projects designed to address community needs, such as projects to enhance neighborhood infrastructure and provide other community services..." I cannot think of a better way to enhance WORK mothers' sense of usefullness, build their self esteem, or give them the full opportunity to use and develop their talents, than this. It is also work which will not displace existing workers.

(5) The decision to assess parents who have failed to find

private work after two sequential WORK assignments, to see if they should be defered or reassigned to further training. It makes good sense.

(6) The measures to encourage and enable clients to develop and operate small businesses.

(7) The increase in the AFDC resource limit from $1000 to $2000, the exclusion of real property that the family is attempting to sell and the cash value of family life insurance from the resource limit, and the contemplated upward adjustment of the excludible value of the family automobile. I have far too many times had to try to console a mother in desperate straits who had discovered she could get no help from the state AFDC program because she owned a piece of property for which their was no market, or a life insurance policy for one of the children (bought by grandma and grandpa) that she couldn't cash in.

(8) The decision to disregard most lump sum payments, all educational assistance and "inconsequential irregular income"(small gifts) in the AFDC grant calculation. I have also spent far to many hours struggling with the N.H. Div. of Human Services because a half educated case worker had cut off a young JOBS mother from AFDC because of her student loans. It is also very important that struggling single parent families on AFDC be able to use windfalls to improve the family's capacity to participate in the community by, for example, buying a car that works, rather than perpetuate their isolation and their inability to access traing and work by forcing them to apply this money to their daily living expenses.

Finally, and most importantly to N.H. AFDC parents entering the workforce right now,

(9) The decision to give the current month's child support obligation to the working custodial parent and the child support arrearages owed that parent, payment priority over arrearages owed the state for the period when the parent was on AFDC, including the monies collected through the IRS intercept. I cannot begin to tell you how important that change will be for N.H. mothers. Our state child support office is not only paying itself all arrearages first, including the arrearages the father owed the mother from the period before she entered the AFDC program, which it claims she signed over to them. I am now hearing from women who have left the the AFDC program to marry or work, who are not receiving their current support very regularly either, because the office now claims that only child support received from the father when it is due is current; anything that comes late is arrears, and therefor belongs to them in repayment of the AFDC debt.

The news of this is traveling fast, and altering behavior. Less than two weeks ago I heard from an AFDC parent who, on the basis of the child support collection report she received from the state, had decided that between the money her ex husband was paying every week, and the money her boyfriend could contribute to the household, she could afford to take a part time job, quit AFDC, and go to school part time on her own. However, after a conversation with her caseworker, who explained how much of the money being collected would go to the state as arrears and warned her not to expect the regular arrival of the balance, and another with a girlfriend who had not received a single child support check since she married and left the AFDC program, even though it was being regularly collected from her first husbands paycheck while she was on AFDC, she had become afraid to leave the AFDC system.

The states' need for revenues is so powerful and so unending, and the capacity of child support bureaucrats to invent reasons why they should keep the money they labor to collect so fertile, that Congress can only guarrantee its proper

distribution by reversing the decision of 1987, and giving the right to receive and collect her own child support back to the mother on welfare. I hope that Congress will disconnect the Child Support section from the body of the Work and Responsibility Act,as many have urged, and consider it as a separate bill. Parents for Justice is currently deeply engaged in the fight to see that custodial parents who have received AFDC get adequate amounts of the child support collected from the fathers of their children,after they have left the program, and I would like the opportunity to study it and to testify on it more throughly. In the mean time, Congress should not be under the delusion that if they increase the pressure on the fathers, it will result in more money for the mothers so they can leave AFDC and achieve independence in the job market. Under current conditions, it won't. Our state legislature is already viewing measures to give more of the child support arrears back to the mothers as a cost to the state which must be accounted for in the state budget and paid for out of other tax revenues.

PARENTS FOR JUSTICE
3 Pleasant Street
Concord, NH 03301
603-746-4817
Advocacy for Low Income Single Parents in New Hampshire

This is the fourth and last section of a four part submission to the Welfare Reform Working Group, Administration for Children and Families, at 370 L'Enfant Promenade SW, Washington DC, by Sara Dustin, Director of Parents for Justice.

VI Designing a Welfare System which Evokes Human Strengths rather than Human Weaknesses; that is humane and compatible with good child rearing, minimizes bureacratic growth and government interference in family life, maximizes initiative taking and responsibility among its recipients, and naturally eases the welfare parent into workforce participation:

It is possible, I believe, to design a welfare system which does not rely on a massive bureacracy and coercive rules to move mothers into the outside workforce, but instead exploits the human hunger to participate in the affairs of the world and the natural human instinct to maximize ones economic wellbeing, at the same time rewarding and supporting intitiative and energy. In 1983, the women of my Board designed the following program which we believed would work for us, and which would now work for 95% of the current AFDC population.

It will probably not work adequately in settings where social, economic and psychological conditions are pathological, the most seriously drug and violence ridden neighborhoods of the inner cities and their equivalents, which exist, in pockets, even in rural N.H. Though even there it would work for the exceptional person who is able to keep ther ethical and social bearings under such conditions. For the young mothers of these neigborhoods, special intervention that goes far beyond anything that can be contemplated within welfare reform of any description, and which deals with the whole social infrastructure itself, is necessary to get a successful outcome, although elements of the following proposal would help.

B. An Ideal Welfare System for Single Parents Based on Staged Re-entry into the Workforce:

Stage I; Youngest Child is birth to one years old: Recognize that caring for a newborn is an around the clock enterprise which is best performed by the mother herself in order to ensure the maximum psychological health of the infant, its subsequent security as an individual and its subsequent capacity to attack strongly and sanely to its adult mate. The people who have studied this believe

that to achieve these outcomes, the infant should not be separated from its mother for more than short, infrequent periods, for the first year of its life. During the first year, do not require the AFDC parent to undertake training programs or work obligations that require separation from the infant. (If we can find work or training that permits her to bring the baby with her and attend freely to its needs, that is O.K.)

In order to guarantee that the infant and mother will be adequately housed and nourished during this year, set the grant at a level which is honestly sufficient to cover the minimally adequate family budget for this family size, as established by an objective study for each economic catchment area like that done in N.H. under the provisions of the Family Support Act in 1990. This figure will also serve as a baseline against which her grant is progressively reduced as her child or children require less of her attention, and she can reasonably be expected to provide more of their support herself.

Mandatory Child Care Training During this First Year: This does not mean that we should ignore her, or leave her entirely to vegetate on an AFDC grant while, in the worst case, working up the next baby. Because we ignore the subject in school, and rely soley on parent to child transmission which is increasingly unreliable, Amerricans are woefully ignorant about raising children. Even with a first class university education, I needed to learn a lot from the visiting nurse who came around twice a week to check on my first born (a premie), and the parenting skills training course I received later, when she entered Head Start at age 4.

There are women in my organization with quite adequate education and first rate jobs skills who haven't the slightest idea how to feed a child to keep it healthy. Caring conservative N.H. legislators regularly come to me with their concerns about the quality of child rearing they see among less advantaged recipients of AFDC, and it looks like there will be a bill to make parenting skills training a part of the JOBS program next session, which I will support vigorously.

In order to make sure we get our money's worth during the welfare mother's first year with her infant, make mandatory child care and parenting training an integral part of that year. If she comes on the program later in the life of her children, set aside the first three or four months of her stay for this activity. It will be worth it. Nutritional training will give us children who are healthier throughout their lifetime, and who can raise healthier children 20 or 30 years from now. Parent Effectiveness Training imparts not only the skills for implanting internal discipline and responsibility in children, but teaches mothers to respect themselves, and to be respectful to their children, qualities which would immeasurably improve the quality of American life.

If the classes are skillfully taught, and Head Start experience should be drawn upon here, they can also be used to break down the isolation of poor mothers in distressed neighborhoods, and provide

them with the support to increase their self esteem and the courage to demand more in the way of financial and child rearing support from the people who figure in their lives, especially their men. I watched the Head Start parenting support group in the mountain town of Warner N.H. bring women who were living in Appalachian poverty to the point where a forty year old woman was for the first time willing to demand that the family budget include treatment for her high blood pressure, or, at the other end of the scale, launch into a college career a Mom whose backwoods father had refused, 35 years ago, to allow her to accept as scholarship to a major American institution of science because she was a girl. I don't see why the same techniches could not do the same thing for poor women on the AFDC program. One of the major over looked secrets of Head Start's facility for launching children into success has been the work the program does to increase their mothers' power in the world, which is then transferred to the children.

In the inner city and in severly distressed neighborhoods elsewhere, this program could provide an invaluable tool for intervening in the life of the teen parent before she conceives the second child, by instilling in her the hope that there is an alternative for her to life on AFDC, and to enlarge her self expectations. It should also be possible to reduce the incidence of abuse and neglect of infants associated with teen parenting, both by filling in the gaps in their child care knowledge, and by providing a setting within which to identify cases where more intense supportive services from the child protection agency are needed, including ther early provision of drug treatment.

Of course none of this will work unless it is done right, with empathy and sensitivity. Group slide shows administered by a grim faced worker at the District Welfare Office will be almost useless. The program must be held in a setting where infants and older children are welcome and can interact with their parents. If you choose to do this, the work should be sub-contracted to the groups that are already doing it well, Head Start or organizations like the two Parent-Child Centers for mothers with younger children in N.H., which have been so effective in producing effective, ambitious, self respecting young mothers who are successful in their child rearing and their studies. I strongly urge you to do this; there is no single more effective way to spend our money.

The mandatory child care training groups could also help prepare the parent to make the transistion to stage II, when her grant goes down, and she is expected to provide a share of the family income herself, by helping her line up part-time work and part-time daycare for her children.

<u>Stage II; Youngest Child is between One and Two Years Old:</u> The single parent mothers of toddlers are still extreemly busy, but they now have some time to give to the work of the outside community. Therefore, reduce the grant by the amount a young woman of ordinary skills can net out after paying the child care, transportation and work expenses characteristic of her region. Simultaneously, give her the right to augment her grant with earnings, rather than

subtracting them from her grant. The responsibility for maintaining her family at the level of economic sufficiency now becomes hers.

At the same time, release her as much as possible from the meshes of bureacracy. Do not force her to go through separate agencies to apply for child care assistance , transportation aid or other work expense re-imbursements and suffer through the clumsy and expensive process of reporting expenses, drawing vouchers and /or waiting for payments. Instead, build the cost of her child care and other work expenses into the grant calculation, and allow her to spend her own money and get the best deal she can in the market. Do not make her deal with a series of job counselors who determin what she should be doing and order her into predetermined kinds of job search, or force her to sign "contracts" with the state. Just quietly let her know that it is up to her now to provide this portion of the family income. Moving to 10 hours a week in the workforce does not require the mountainous transistion from an exclusive focus on the children that taking on a full time work schedule does. By the end of a year cooped up with children, most women will probably welcome the opportunity it offers to reconnect with the wider world, especially since the reconnection can be made at a pace that does not unbearably over stress her capacity to perform all the work involved in the care of young children. I doubt if we will need to beat her into it.

Do set up a bulletin board in the welfare office, publized in the larger community, where part-time job opportunities are posted along with a list of child care providers for her to consult, and provide a person she can go to for more help than this, if she chooses. Ten hours a week at this point in her life may be quite a stretch for some mothers. I know it was for me when I began to work again after my daughter's first birthday. But it is not a requirement worth having a second child to avoid. It will not be terrifying, even to the 1 year old mother (younger mothers are hopefully, still in school under JOBS). And it satisfies the public need to see her "doing something", while still permitting her the time to care for her children carefully.

Above all, do not get excited if she is able to earn more than the amount of her grant reduction in her 10 hours, or she chooses to work more than ten hours to improve the financial prospects of her family. Use the WIC guidelines. If she is able to bring her combined family income above 185% of poverty, start reducing her grant dollar for dollar, or if you feel more benign, some percentage of that amount. Up to that point, allow her to enjoy the fruits of her enterprise. This is a system that has worked very well in America; it's about time we permitted welfare mothers legal access to the free economy. And anyway, her grant is going to go down again very, very soon.

Conversely, do not get excited if she choses not to work, and lives with her children on her reduced income. Ten to one this means she has persuaded a new mate to pick up some of the expenses of her family; that an adult is taking some responsibility for the support of her children, and this is what we want, isn't it? Leave her alone and don't check up on her or intervene unless she runs into serious trouble (See section on exemptions, below).

Stage III; Children are between two and three; and Stage IV; Children are between three and two months into full time school (first grade in most areas):

When theyoungest child reaches age 2, reduce the grant from the baseline by the amount a young woman of ordinary skills can net out after paying day care and other work expenses, working 15 hours a week. When the child reaches age three, reduce the grant again to reflect the amount she can net out working 20 hours a week, and keep it that way untill the youngest child is established fulltime in school, and her child care bill goes down enough so she has a decent shot at becoming more or less self supporting. Keep all the other rules the same, permitting her the right to augment her grant with her earnings freely.

Again, the mother's workforce responsibilities increase gradually enough so she is not faced with any seemingly insurmountable hurdles at any one time. Nothing is frightening enough to warrent getting pregnant to avoid losing the welfare security blanket. The amount of outside workforce participation required of her is co-ordinated with the development of her children, and increases as the demands they make on her decrease.

Stage V; Youngest Child Established in School:

Since the mother has spent the early childhood of her progeny gradually working herself back into the workforce via the part-time route, her workskills and workforce experience will be superior to those of a mother jumping directly from an unbroken stay at home on AFDC into the full time workforce, and she will have earned a reputation as a worker among her employers. She is likely to be more employable and to command higher pay than the unexperienced mom. However, she is still unlikely, in the absence of professional level training, to be able to command a sufficient income to meet her family's minimal needs alone, without help, because of the wage/price ratios in our economy right now . At this juncture, we have two choices:

1. Drop the grant by the amount she can net out working 40 hours a week, and keep her on the AFDC system with a small grant and a medicaid card (or, hopefully, a fully subsidized national health insurance card) until she marries, her pay increases put her over the top, or her children finish school.

2. Transfer her to the work support system,with child care assistance as long as she needs it, free medical insurance and positive income tax supplements transfered through the income tax system, currently being developed.

Both of these options amount to about the same thing financially both to her and to the taxpayer, although the second may more effectively satisfy the public need to see her as having escaped

dependency. Unfortunately, like the biblical widow, the public dependency of the single parent of ordinary attainment is real and incurable by anything but a successful remarriage or, in our day, a professional education culminating in a professionally salaried job.

Limitations and Exemptions: This system of staged workplace re-entry should work for single parents on welfare in every community that enjoys a reasonably healthy social and economic life. It will not work when there is literally no work of any kind to be had, even part time; or for individuals who are too handicapped by physical or mental ill health or the special burden of caring for children with severe physical or psychological problems, to take on outside work responsibilities; or who are perceived as unemployable by potential employers.

Unfortunately, all of these conditions, while present in scattered form in NH society and elsewhere, peak in the inner city neighborhoods which host the concentrated incidence of long term welfare dependence which has provided the impetus for welfare reform. For example, a NH welfare mother can easily arrange to replace the income lost in Step I by finding a neighbor or two who needs daytime child care. But women in the inner cities often do not think well enough of each other to entrust their neighbors with their children, and in particular, may be most unwilling to entrust them to teen parents. If the teen parent is also drug dependent, she may not be employable at all, even on the limited part time basis contemplated in Step I.

Again, in my population of NH welfare mothers, there are individuals who have been rendered so fearful by long term mistreatment or a violent event in their lives that they are unable to move beyond the safe routine of home, the grocery store and church. The incidence of violence in low income NH life is not trivial, but the inner cities are even more dangerous to their inhabitants. It is my impression, based on the interactions with ghetto families I have enjoyed over the course of my lifetime, that mental health levels in these populations are not good, and that intense fearfulness related to past traumas is a fairly common affliction. I would venture a prediction that there are a significant number of mothers on welfare in the inner cities who have been robbed of the elan necessary to forge forth into the marketplace by trauma.

Exemptions and Modifications: Clearly the income stepdowns should be suspended under the following conditions:

1. When the children are so severely handicapped by illness, retardation or mental illness to require the fulltime attention of the mother.

2. When the mother is clearly handicapped by physical or mental illness to a degree that precludes any workforce participation. We may also need to retain individuals who are partially disabled by these conditions on Steps I and II if their disabilities permit part-time work but preclude fulltime workforce participation.

These circumstances are already well defined in the current AFDC program, and raise no new issues. In addition,

3. In environments in which there is no work to be had, and for individuals who, because of drug dependence, age (too young or too old) or less than severe mental health problems, are unemployable in the private market, it will probably be necessary to supply publicly subsidized part-time jobs for pay, if the program is to be fair, and we are not to condemn this group to progressively more and more deserate poverty.

However, it will not be necessary to <u>require</u> the mother to go to publicly assigned jobs to assure her dependence on welfare is diminished. The successive step downs in grant are automatic, and she must progressively find other sources of income to support her family, no matter what. The offer of public employment is there so she has an accessible alternative to prostitution and drug dealing as a way of making a living.

4. For the parent who comes newly onto the program with a youngest child older than one year, we need to suspend the applicable step down(s) from the baseline grant for an initial period long enough (3 or 4 months)so she and the children can participate in the mandatory child care training program at the Head Start/Parent Child Center site, and to find her feet as a single parent.

For all groups, the period the parent spends in child rearing training should be used to identify those mothers who have severe problems which will exclude them from the workforce, and those who will need extra help, drug treatment, post-trauma counseling, medical attention, a subsidized job or more education, to move into the workforce successfully.

SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

STATEMENT OF DAVID PATE
ON BEHALF OF THE PATERNAL INVOLVEMENT DEMONSTRATION PROJECT

The Paternal Involvement Demonstration Project is a public-private venture that seeks to help non-custodial fathers of children on welfare become more involved financially and emotionally with their children. The project seeks to demonstrate effective ways to assist these fathers secure employment so they can help support their children and become actively involved in their lives.

The project also seeks to improve federal and state public policies so that public policy will support, rather than discourage, fathers' efforts to be involved with their children.

The project operates in three community-based agencies in Chicago. These three sites are testing ways of reaching out to help fathers connect with the labor market and with their children. Each of the three agencies provides a unique mix of education, jobs, health, parenting, and case-management services to project participants. The project participants are minority (mainly African-American) men, aged 18-35, who have very low income, have children on welfare, and want to be more involved fathers.

The Paternal Involvement Demonstration Project has participated in the discussions on welfare and child support enforcement reform over the last year. I was given the opportunity to testify on behalf of the project at the Welfare Reform Working Group's hearings in Chicago in August 1993. At that time I spoke about the importance of taking the roles and the needs of the low-income, non-custodial fathers of AFDC children into account in any welfare reform effort. Since those hearings, the project, joined with other groups, has submitted comments to the Working Group on its draft proposals. The project also testified in support of child support assurance at the March 5, 1994, Child Net Forum on that topic in Chicago, which Representative Dan Rostenkowski and Representative Mel Reynolds of Illinois attended. Most recently, I spoke on behalf of the project as part of the experts' forum at Family Reunion III--the Role of Men in Children's Lives, which was chaired by Vice-president Gore.

In submitting this statement, the Paternal Involvement Demonstration Project wants to address several issues that are before the Congress as it makes decisions about how to reform the welfare system. Based on the experience of the Paternal Involvement Demonstration Project, we strongly recommend that Congress include the following reforms in the current welfare reform effort:

1. Welfare reform should give low-income, non-custodial fathers of children on welfare access to the welfare-to-work programs and services available to the mothers. A non-custodial father who can regularly pay child support for his children is, in many cases, essential to the children's getting off and staying off welfare. We specifically suggest the following:

a. Allow low-income, non-custodial fathers of AFDC children to volunteer for the education and training programs offered by JOBS and to receive the same types of supportive services (transportation allowances, book and equipment allowances, etc.) that JOBS provides for mothers.

We make this suggestion because many low-income fathers of welfare children have the same barriers to getting and keeping jobs as do the mothers--no high school diplomas, no marketable job skills, little or no job experience. To get jobs, these men need the same

kinds of opportunities and supportive services JOBS offers to mothers.

b. Pay a monthly stipend, perhaps equal to the state's adult-only AFDC grant, to low-income fathers who are participating in JOBS.

We make this suggestion because many fathers of AFDC children are not just low-income fathers, they are no-income fathers. For example, Illinois eliminated its General Assistance program in 1992, leaving over 71,000 single adults, many of whom were non-custodial fathers of AFDC children, with no income. These men now rely on homeless shelters and private charity to get by. With no income, they could not take advantage of JOBS opportunities even if they were available.

c. Extend medicaid eligibility to low-income fathers of AFDC children who are participating in JOBS.

We make this suggestion based on the experience of Paternal Involvement Demonstration Project participants. Many of the participants need health care in order to be well enough to seek employment or participate in job training programs. While the project can arrange for some medical services for participants--job-related physical exams and eyeglasses--those services do not cover the men's medical needs. In Illinois there is no publicly supported medical program for low-income adults who do not qualify for the state's limited Transitional Assistance program. Lack of medical care can have tragic results. This past spring a project participant--a man who had established paternity, was paying child support from his low-wage job, and was involved with his child--died of asthma because he could not afford medical care and maintenance medication.

2. Welfare reform should provide funds to the state IV-D programs so those programs can offer mediation, counseling, and parenting education services to parents involved in the IV-D child support process. The current IV-D process focuses entirely on getting child support. It ignores the issues of custody and visitation that frequently follow the establishment of parentage and the setting of support orders.

3. Welfare reform should make the paternity establishment and child support enforcement system more accessible to fathers. Specifically, we suggest the following:

a. The IV-D statute should be amended to make it absolutely clear that the IV-D agencies must assist men establish paternity when men apply for services. In Illinois, until the Paternal Involvement Demonstration Project pressed this issue with the state IV-D agency this spring, that agency refused to assist men initiate the paternity establishment process.

b. The IV-D agencies should be required to inform responsible relatives of the need to seek modifications or abatements of support obligations if their ability to support decreases, for example, they lose their job.

From the project's experience, we know that responsible relatives, usually fathers, frequently have no idea that they need to take formal action to stop the child support meter from running after they become unemployed. These fathers think that if they tell the mothers they lost their job or apply for welfare (usually food stamps) themselves, the welfare department/IV-D agency will know they can't pay support as ordered and suspend the obligation. But the law is not so lenient, and large arrearages accumulate.

4. Welfare reform should allow child support payments to AFDC children make a real difference in those children's lives. The amount passed through should be at least $100 per child.

5. Welfare reform should eliminate entirely the restrictions present in the current law that make many low-income, two parent families ineligible for AFDC (the 100 hour rule and the connection with work force rule).

We believe these eligibility rules have had the perverse effect of forcing poor fathers to leave their families so the families could obtain assistance on which to live and contributed to the marginalizing of fathers in poor communities.

6. Welfare reform should not impose time limits that could lead to any welfare family which is cooperating with the welfare agency's requirements losing its financial assistance. Many Paternal Involvement Demonstration Project participants have been or are homeless because they have no income. They know the psychological and physical toll homelessness takes. This country should do nothing in the name of " welfare reform" and "ending welfare as we know it" that would push its poor children into homelessness.

Thank you for the opportunity to offer suggestions on behalf of the Paternal Involvement Demonstration Project to this sub-committee as it considers welfare reform.

Progressive POLICY INSTITUTE

BACKGROUNDER

July 27, 1994

The Matsui Welfare Reform Bill: Status Quo Plus

by Lyn A. Hogan

When President Clinton unveiled his welfare reform plan June 14, conservatives complained that it fell short of his own goal of "ending welfare as we know it." Now House liberals, led by Representative Robert Matsui (D-CA), argue that the President has gone too far. Unfortunately, his approach misses the central point of reform: the urgent need to replace welfare with a work-based social policy. Instead, it throws more money at the status quo.

Rep. Matsui and 20 Democratic co-sponsors—including Representatives Charles Rangel of New York and Norman Mineta of California, Mike Kopetski of Oregon, and D.C. Delegate Eleanor Holmes Norton—take aim at the linchpin of Clinton's plan: a two-year time limit on welfare benefits, after which recipients would have to take a job in either the private or public sector. Calling the proposed limit "good rhetoric, but not reality" when announcing his legislation, Rep. Matsui added, "We cannot institute arbitrary deadlines by which people must be self-sufficient. The emphasis should be on work, not time limits."

If only it were that simple. In fact, from Richard Nixon's Family Assistance Plan to Ronald Reagan's workfare experiments of the early 1980s, successive stabs at welfare reform have tried and failed to enforce genuine work requirements. The last major overhaul attempt, the Family Support Act (FSA) of 1988, didn't do the job either. Since its passage, the welfare rolls have grown 25 percent, from 10.9 million in 1988 to 13.6 million in 1992—evidence that the FSA is not working. Far from being a safety net, welfare has become a trap, a system that penalizes work, marriage, and individual initiative and that both stigmatizes and isolates poor families from the larger society. The system is profoundly destructive: Any "reform" that perpetuates it will condemn another generation of poor children, many born to unmarried teen-age mothers, to poverty and dependence.

Some liberals, ignoring these systemic defects, contend that the real problem with welfare is that it is underfunded. The Matsui bill envisions a nearly $3 billion expansion of Job Opportunities and Basic Skills (JOBS), the federal education and job-training program created by the FSA, bringing total Federal funding to $4 billion by 1999. To help welfare recipients find jobs, the act requires states to provide education, training, job-search assistance, work experience, transportation, and child care. JOBS currently covers about 15 percent of welfare

recipients: The Matsui bill would mandate that 50 percent be enrolled in JOBS by 1999. It would toughen work demands, requiring half of those enrolled in JOBS to work at least part-time, and would earmark some of the additional spending to job creation and placement and other supports.

Education and Training vs. Work

Rep. Matsui claimed when he introduced his bill that "even the most inspired recipient may require more than two years to get the education and training needed to move from assistance to independence." But his premise is wrong: Very few welfare recipients get jobs because they have completed government education and training programs. More than formal training, welfare recipients need connections to the real world of work and the personal habits—punctuality, dependability, commitment—that make for reliable employees. The evidence shows that education and training programs lift few recipients out of poverty. Real work experience, on the other hand, connects recipients to the labor market and gives them the experience to move on to a better job.

According to Judith M. Gueron, president of Manpower Demonstration Research Corporation, ". . . JOBS has not fundamentally changed the message and character of AFDC. . . . The system has not enforced a participation mandate focused on work." Evaluations of programs that offer welfare recipients education and training show that neither earnings nor employment increase significantly. Research by analyst Paul Osterman documents that government-sponsored programs such as The Comprehensive Employment and Training Act, the Job Training Partnership Act, and proprietary and vocational schools have failed to prepare people for the labor market. University of Chicago Professor Dr. James Heckman, who has written extensively on this issue, similarly determines that "as a general rule, conventional employment and training programs . . . do not produce dramatic changes in participant earnings."

The evidence strongly suggests that a work-based approach focused on private-sector employment produces better results. Examples include America Works, a for-profit business that has placed more than 5,000 welfare recipients into full-time jobs with decent pay and health benefits; Cleveland Works, a non-profit placement and support agency that has enabled 7,000 men, women and children to leave welfare; and Project Match, a small non-profit program in Chicago's Cabrini-Green housing project that likewise believes there is no reason to wait two years to move people into jobs. Moreover, as Dr. Heckman concludes: "To the extent that effective training can be produced on the job, it is produced in the private sector and not in the public sector." Additional evidence from a Rockefeller Foundation demonstration program and a Manpower Demonstration Research Corporation study of California's Greater Avenues for Independence

(GAIN) program in Riverside County found that a jobs-first strategy focused on the private sector worked best when compared with traditional education and training approaches.

The problem with the Matsui approach is very simple: It will move few welfare recipients to self-sufficiency. The vast majority—close to 75 percent—of JOBS participants are currently enrolled in education and training classes rather than in work programs. Even with the increased emphasis on work in the JOBS program, the Matsui bill reforms fall short: The work requirement covers only half of those in JOBS—a quarter of all welfare recipients—and requires only 15 hours a week of work.

Replacing Welfare with Work

President Clinton has it right: Welfare can't be reformed; it must be replaced with a work-based social policy. A time limit on welfare benefits is the lever for fundamental change that converts welfare from an income-maintenance system to an employment system that puts people to work. If time limits are essential to changing the expectations of welfare recipients, they are also the spur that welfare caseworkers need to move people off the rolls and into jobs.

To spurn a time limit on welfare benefits, as the Matsui bill does, is to accept the welfare status quo with all its amply documented perversities and defects. Rep. Matsui believes that children will end up as victims of the time limit and fears that removing the safety net will result in the homelessness it is designed to prevent. What he ignores is that the current system perpetuates the cycle of poverty and offers parents little incentive to move off of welfare into work.

President Clinton's proposal not only encourages work by making work pay more than welfare, but offers fallback community service jobs for those who do not find unsubsidized employment in two years. Only by refusing to work could someone make themselves vulnerable to homelessness. If liberals believe that society owes indefinite financial support to those who flatly refuse to work, they should say so.

While failing to cross the threshold of fundamental reform, the Matsui bill does offer some constructive provisions: It raises the amount of money a recipient can keep for unsubsidized part-time work; expands child care for the poor and working poor; raises the federal share of the JOBS matching rate; increases state flexibility in designing and implementing welfare programs; improves child support enforcement; and establishes residency requirements and mandatory school attendance for teen parents receiving AFDC (Aid to Families with Dependent Children).

Nonetheless, the Matsui bill essentially takes a "status quo plus" approach that seeks to preserve rather than transform the system. It dramatically expands welfare spending without demanding fundamental changes in a deeply flawed system. And it places inordinate faith in the potential of JOBS, a program whose emphasis on education and training has manifestly failed to move many welfare recipients to self-sufficiency. The conservatives' predictable jibe at the Clinton plan—that it would "save welfare as we know it"—is unfortunately true of the Matsui approach.

Liberal Democrats must be willing to transcend the historical partisan division on this issue and fall in line with the President, as many Republicans have already done. Time-limited assistance, an emphasis on employment during the transition period, and a work requirement for those who do not find unsubsidized employment are the driving principles behind the President's plan and represent the middle ground of the debate. President Clinton has created a rare opportunity to forge a bipartisan agreement on welfare reform. Two bills already embrace the President's approach: the Mainstream Forum welfare reform bill led by Democratic Representative Dave McCurdy of Oklahoma and the Republican Leadership bill sponsored by Representative Rick Santorum of Pennsylvania. Rep. Matsui threatens to derail such a bipartisan agreement on reform.

The true danger of the Matsui bill is that welfare reform will once again fall victim to a liberal-conservative standoff in which liberals refuse to accept real work requirements and conservatives refuse to expand supports for poor people struggling to work. President Clinton has offered the right bargain: more money, but only for real change that transforms welfare from a system that writes checks to one that puts people to work.

Lyn A. Hogan is Social Policy Analyst at the Progressive Policy Institute.

Testimony of Will Marshall, President
Progressive Policy Institute

The U.S. House of Representatives Subcommittee On Human Resources
Committee On Ways and Means
August 16, 1994

I appreciate the opportunity to submit written testimony to this panel on the Progressive Policy Institute's (PPI) views on welfare reform.

PPI strongly supports President Clinton's goal of "ending welfare as we know it." It is time to dispense with the "safety net" metaphor and see the current welfare system for what it is: a trap for millions of poor Americans languishing in isolation from mainstream values and opportunities. Instead of developing the personal capacities people need to become self-sufficient, welfare teaches dependence and passivity. Therefore, PPI believes the progressive course for the 1990s is not to reform welfare but to replace it with a new social policy that reinforces on work, family and individual responsibility.

In calling for a two-year limit on welfare, President Clinton has proposed the most radical reform in U.S. social policy in a generation. The idea that welfare should offer poor Americans transitional support en route to a job—rather than subsidize a way of life widely seen as divorced from work and responsibility—has struck a responsive chord with the public.

Recent surveys make it clear that Americans, regardless of their class or race, overwhelmingly want to transform, but not abolish, the welfare system. People are less concerned about the costs of welfare than about its failure to encourage and reward the values most Americans live by: work and saving, marriage and family, individual initiative, and a sense of responsibility to one's community. More than 90 percent of the public thinks that making welfare recipients self-sufficient is more important than removing them from the rolls to cut costs.[1] Nearly as many support work requirements, even for mothers with young children.

---

[1]Survey by Yankelovich Clancy Shulman for *Time* and Cable News Network, May 13-14, 1993.

President Clinton's call for time-limited assistance has irrevocably altered the terms of the welfare reform debate. *His proposed two-year limit is the indispensable lever for a fundamental transformation of welfare -- the lever that converts a welfare system into an employment system. Without it, we will be doomed to tinker on the margins of a failed system. Legislation that fails to include a time limit on cash assistance will not pass the threshold of credibility for genuine reform.*

Time limits would ensure that the obligation to work replaces the right to income maintenance as the organizing principle of welfare policy. Welfare would be cast not as a permanent entitlement, but as a compact of mutual obligation—with society owing everyone a chance to work and the beneficiaries of public aid having a corresponding responsibility to strive to support themselves. This approach says that all work confers moral dignity and can lead to self-sufficient citizenship.

Time limits, though essential, are not sufficient. Absent other key reforms, they would only worsen the plight of 14 million welfare recipients, nine million of whom are children.[2] Helping people develop their capacities—specially those people with few resources and many problems—is an expensive proposition. Hence, a radical redesign of welfare is likely to cost more, not less, in the short run. In fact, the current welfare system has survived successive bouts of reform precisely because it is a relatively cheap way to deal with the poor. But spending more now to enable people to work will produce large dividends down the road: fewer people subsisting on public aid, more people gainfully employed and paying taxes, less public money siphoned off by a social-service bureaucracy consumed with process rather than results, and fewer children trapped in a remorseless cycle of illegitimacy, unstable families, welfare dependency, and bleak prospects.

To achieve his goal of making welfare "a second chance, not a way of life," President Clinton must strike a political bargain with the left and the right. Liberals will have to accept time limits, and conservatives will have to accept higher social costs.

In addition to time limits, five key shifts are needed to build a progressive, work-based social policy:

- First and foremost, we must make work pay. Low-wage jobs simply cannot compete with the package of benefits available in the welfare economy. For example, a welfare recipient in Ohio may collect a maximum basic welfare grant (AFDC plus

---

[2]U.S. House of Representatives, Committee on Ways and Means, 1993 Greenbook: Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means (Washington, D.C.: GPO, 1993), p. 685. Hereafter referred to as the 1993 Greenbook.

food stamps) of $633 a month, or $7,596 a year.[3] She is also eligible for thousands of dollars worth of Medicaid and child-care assistance and possibly housing subsidies as well. If instead she takes a 40-hour-a-week job at the minimum wage of $4.25, she will make only $8,840 a year—nearly $3,000 below the poverty line for a typical family of three. It makes little sense to exhort welfare recipients to work if their doing so would mean lowering their standards of living or forgoing decent health care or child care. One of the greatest inequities of the current system is that it often makes working people worse off than people on welfare.

The alternative is to shift public subsidies from welfare to work, so that what people would earn from low-wage jobs plus subsidies would always exceed what they would collect for not working. At the President's request, Congress last year took a giant step in this direction by expanding the earned income tax credit (EITC), a subsidy to low-wage workers. Thanks to this crucial advance in social policy, a minimum wage job paying $4.25 will soon be worth $6.00 an hour for a family with two or more children. Together with food stamps, the expanded EITC will lift nearly every family with a full-time worker out of poverty.

In addition, mothers will need and should receive more assistance for child care as they move into the work force. The best way would be to expand existing child care subsidies for working low-income families, which has been estimated at a cost of at least three billion dollars a year.

Reform also should target the welfare system's disincentives to work and saving: nearly a dollar for dollar decrease in AFDC benefits for every dollar earned from work after four months of benefits;[4] a $1,000 limit on personal savings;[5] and public-housing rents pegged at 30 percent of income,[6] which means that tenants automatically pay higher rents if their incomes rise. As Michael Sherraden has persuasively argued, we need an asset-based social policy[7] that gives poor and low-

---

[3] 1993 Greenbook, p. 657.

[4] 1993 Greenbook, p. 619.

[5] 1993 Greenbook, p. 622.

[6] 1993 Greenbook, p. 1668.

[7] In addition to emphasizing increased earned income deductions and asset accumulation, the Administration should support community-based efforts to encourage low-income Americans to save through Individual Development Accounts (IDAs). Community Development Corporations and other non-profit groups could compete for federal grants to match IDA deposits of up to $2,000 per year. (This sort of help from the government is no different than the tax breaks that the middle class receives when saving through IRAs). These savings could then be used to finance car purchases, higher education, home purchases, microbusiness development, or retirement. Microenterprise development could be further encouraged by permitting states to use job training

income people incentives to save, because few people manage to spend their way out of poverty.[6]

- Second, welfare reform should put work first. Job placement—by public agencies, non-profit groups, and even private businesses—should be the primary mission of a redesigned welfare policy. The current system's emphasis on education and training may occasionally lead to marginal increases in earnings, but such gains are rarely enough to lift families out of poverty. On the other hand, innovative non-profit and for-profit ventures—such as America Works in New York, Connecticut, and Indianapolis, Cleveland Works, Chicago's Project Match, and Milwaukee's New Hope Project—show that with intensive support and an emphasis on work first, even long-term welfare recipients can get and hold private jobs with decent pay and benefits. For most people on welfare, the surest and most direct route to independence is a job.

- Third, community-service jobs must be available as an option for those who, at the end of two years, cannot find or keep private jobs. If society is to require work as a condition of public assistance, it must guarantee the opportunity to work. But community-service jobs at minimum wage should be a last resort. A revamped welfare system should be characterized above all by closer ties with private employers and should work to reduce the stigma now attached to welfare recipients as they seek employment. Moreover, wage subsidies for private-sector jobs and other transitional benefits should be designed to assure that those jobs pay more than welfare. The Administration's welfare reform working group has suggested, as a step to achieve this differential, that the EITC be applied only to income earned in private-sector jobs.

It is impossible, of course, to subsidize private jobs that do not exist. A crucial question for backers of the time-limited approach is whether there will be enough private jobs for welfare recipients seeking work. Liberals say that expanding welfare rolls prove that jobs are not available; conservatives point to the want ads and the fact that immigrants seem to find jobs in the United States. In truth, nobody can know which of these views is correct because the supply of jobs is dynamic, always expanding and contracting. The only way to find out how well our labor markets can absorb people moving off the welfare rolls is to try. Community-service jobs would act as a buffer to provide temporary employment to people who have not been able to secure private jobs.

---

funds to make direct loans to non-profit groups that lend to microbusinesses and poor entrepreneurs.

[6]Michael Sherraden, Assets and the Poor: A New American Welfare Policy, (Armonk, NY: M.E. Sharpe, Inc., 1991).

▶ Fourth, there must be universal access to health care. When welfare recipients take a job, they soon lose Medicaid benefits worth about $3,000 a year.[9] The jobs that they are most likely to obtain seldom offer health insurance or pay enough to enable them to buy their own policies. To remove a serious obstacle to work, health care reform must include public subsidies for those who cannot afford to buy their own health insurance.

▶ Fifth, child-support enforcement must be strengthened to supplement the incomes of poor families. Even with expanded subsidies for work, many single mothers who lack education and skills will remain on the financial edge. Their children deserve the support of both parents, yet only 20 percent of never-married mothers collect child support from absent fathers.[10] The Administration's working group notes that only $13 billion of a potential $47 billion in child-support payments are actually collected.[11] Requiring that every child's paternity be established at birth is the first step to increasing awards. To secure their cooperation, mothers should be allowed to keep more of their child-support payments. Along with tougher enforcement and government collection of delinquent payments, these changes should greatly increase the amount of support single mothers receive. The combination of higher earnings, child-care assistance, and child-support payments should also ensure that some mothers will be able to support their families through part-time work.

Dunning divorced middle-class fathers for child support is a fairly straightforward proposition. But can young fathers who lack jobs, education, or skills really be expected to pay child support? Children First, a new state pilot project covering nine counties in Wisconsin, requires unemployed fathers delinquent in their child-support payments to work in community-service jobs and thereby receive on-the-job training. Although these jobs are unpaid, their objective is to enable the fathers to move into full-time, paying jobs, and so be able to contribute to their children's support. The New Hope Project, a private operation also in Wisconsin, similarly tries to lift delinquent fathers (as well as others who are unemployed or receiving welfare) out of poverty by placing them in private and public jobs.

---

[9]According to Tony Parker at the Health Care Financing Administration, in 1992 the average Medicaid costs for an AFDC family amounted to about $904 a person. The average size of an AFDC family is 2.9 persons, which would translate into average Medicaid costs of close to $3,000.

[10]Bureau of the Census, U.S. Department of Commerce, "Child Support and Alimony," (Washington, D.C., 1987), pp. 5-7.

[11]The White House Working Group on Welfare Reform, Family Support and Independence, draft discussion paper, December 1993.

These five initiatives would help to transform a system centered on income maintenance and consumption into a system focused on work and the development of personal assets. But there's another essential step: prevention.

Preventing people from entering the welfare system is just as important as moving those on the rolls into jobs. A serious prevention strategy must aim squarely at the explosion of out-of-wedlock births to teenage mothers. If we do not stem the tide of illegitimacy, our welfare system will continue to grow. According to a 1990 report by the Congressional Budget Office, half of all unmarried teenage mothers receive AFDC within a year of the birth of their first child, and three-fourths receive AFDC by the time their first child turns five. At least 40 percent of never-married mothers receiving AFDC will remain on the welfare rolls for 10 years or more.[12]

The cost to federal taxpayers of families begun by teenagers is enormous—almost $29.3 billion in 1991 for AFDC, food stamps, and Medicaid alone.[13] The children of teenage mothers pay the most. They are far likelier to live in poverty, to grow up without the moral or financial support of a father, to be dependent on welfare, to drop out of school, to get in trouble with the law, and, if they are female, to give birth as teenagers—thus starting the cycle anew.

America's political and civic leaders should launch a vigorous crusade to discourage teenage pregnancy. That effort must be reinforced by policy changes that make it clear to teenage mothers that there is no unqualified right to public assistance. Strict conditions should accompany welfare and perhaps other social supports. Our social policy should not permit teenage welfare mothers to set up their own households. At a minimum, it should require teenagers to finish high school. Steps to discourage teenage pregnancy should target young fathers as well, perhaps by enrolling them in work programs along the lines of the Wisconsin model. The President's recently released welfare reform proposal takes strong steps in this direction.

Putting Work First

The policy changes just described would form the essential architecture of a work-based social policy. Making work the centerpiece, however, entails a shift from the premises underlying Washington's most recent stabs at welfare reform.

---

[12]John Tapogna and Janis Peskin, "Forecasting AFDC Caseloads, With An Emphasis On Economic Factors," CBO Staff Memorandum (Washington, D.C.: July 1993).

[13]Center For Population Options, Teenage Pregnancy and Too-Early Childbearing: Public Costs, Personal Consequences, 6th edition (1992), cost study update (August 1993).

The 1988 Family Support Act represented an important advance. It enshrined the principle of reciprocal obligation: Welfare recipients should not sit idly collecting checks, but should engage in activities that lead toward self-sufficiency. The Act created the JOBS (Job Opportunities and Basic Skills Training) program to enroll recipients in education, training, job search, and work programs. Thus far, however, only 15 percent of welfare recipients are required to enroll in JOBS;[14] of these, only 18 percent participate in job search or subsidized work.[15] Advocates complain that the Act's federal-state cost-sharing formula puts too great a burden on the states, resulting in chronic underfunding for JOBS. Even if funding were not a problem, however, doubts about JOBS' effectiveness would persist. According to Judith M. Gueron, president of the Manpower Demonstration Research Corporation (MDRC), "JOBS has not fundamentally changed the message and character of AFDC....[T]he system has not enforced a participation mandate focused on work."[16]

There is in fact mounting evidence that an emphasis on work produces better results than a concentration on education and training. For example, America Works, a private, for-profit job placement and support agency in New York, Connecticut, and Indiana, has helped over 5,000 welfare recipients find jobs, including many who have been on welfare for six to eight years. America Works enrolls welfare recipients in a six-week job readiness course that stresses punctuality and basic work habits. Job placement counselors then move welfare recipients into full-time jobs while continuing to offer support services. America Works pays wages and provides benefits to the workers it places for four months, after which employers have the option to hire them. Company officials say that they manage to place about 60 percent of those who begin the program—and that of these, 68 percent are hired permanently by employers at an average wage of $15,000 per year, including benefits. A recent study by the New York State Department of Social Services found that 75 percent of America Works' placements were still off welfare after 18 months of being placed in a job.[17] New York state pays America Works a fee of about $5,400 per placement, most of which is conveyed only after participants have been on their jobs for seven months. As the cost of supporting an average welfare family in New York state is $23,000 a year, public savings are substantial.[18]

---

[14] 1993 Greenbook, p. 731.

[15] Sar A. Levitan and Frank Gallo, "Jobs for JOBS: Toward a Work-Based Welfare System," (Washington, D.C.: George Washington University, Center For Social Policy Studies), March, 1993, p. 16.

[16] Testimony of Judith M. Gueron before the U.S. Senate Subcommittee on Social Security and Family Policy, January 18, 1994.

[17] America Works corporate documents, 1994, Peter Cove, president.

[18] Ibid.

At Project Match, a small non-profit program that works mainly with residents of Chicago's Cabrini-Green housing project, director Toby Herr has inverted the typical JOBS approach. Project Match starts by finding people jobs—and then it provides counseling and other support services to cement their attachment to the labor market. Ms. Herr's clients often go through two, three, or four jobs before settling permanently into full-time work. Given these dynamics, she believes that a two-year limit may be both too short and too long. She says that welfare recipients should immediately face a "ladder" of work possibilities, starting at the lower rungs with part-time volunteerism at Head Start centers or other community organizations and ascending to full-time, private-sector work. Despite a modest annual budget of $389,000, Project Match has managed to place over 100 mostly long-term welfare recipients in full-time work, receiving an *Innovations in State and Local Government Award* from the Ford Foundation and Harvard University's Kennedy School of Government for its efforts.[19]

Cleveland Works, a private non-profit group funded by public grants, foundations, and private money, has placed over 2,000 welfare recipients in full-time jobs since 1986, enabling 7,000 men, women, and children to quit the dole. Over 80 percent of the Cleveland Works families have not returned to the welfare rolls[20]—a remarkable result considering that the typical family had been on and off welfare for 10 years. Cleveland Works provides its clients with four weeks of general job readiness training and, in some cases, with basic education, and occupation-specific courses. The group then matches its clients with jobs offered by some 500 local employers. Once hired, the clients receive transitional services and the support of corporate counselors to ensure that they stay employed.

Milwaukee's New Hope Project, another private non-profit group, also stresses job placement. Clients go through eight weeks of intensive, supervised job search. Those who do not find private-sector jobs are offered minimum-wage community-service positions at non-profit organizations for up to one year. When necessary, New Hope subsidizes its clients' wages to bring them up at least to the poverty line. It also provides health and child care benefits based on income and helps people receive the earned income tax credit. Preliminary results from the first phase are very encouraging: Seventy-one percent of those who entered the program are working in private- or public-sector jobs. Of these, all but one works full time. The New Hope

---

[19]Andrew Cooper, "Matchmaker, Matchmaker: A Chicago Project Helps Women Climb From Welfare to Work," *The New Democrat* (December 1993), pp. 11-14.

[20]Cleveland Works corporate documents, 1994, David B. Roth, executive director.

Project supplemented the wages of 53 percent of the participants to bring them up to the poverty line.[21]

Some state welfare agencies are also putting work first. Oregon and Mississippi are seeking federal waivers to convert AFDC payments and food stamps into wages for "training placements" with private employers. These are temporary jobs that give welfare recipients a chance to acquire work experience and build resumes. The goal of these initiatives would be to start people working—and then to assess them individually to determine what additional education and training or other supports they might need. According to Oregon's Director of Human Resources, Kevin Concannon, one of the central challenges of such reform is the need to forge strong links between the welfare system and private employers.

Further support for the work-first approach comes from innovative JOBS programs in California and Florida. A recent MDRC study of California's GAIN program (its version of JOBS) found GAIN sites that stress work, offer intensive job placement, and work closely with local employers to determine training needs are more successful at both reducing welfare rolls and increasing earnings than programs that primarily stress education and training. In Riverside County, site of the most successful GAIN program, earnings increased by $2,099 a person (a 55 percent increase over the control group) and welfare payments declined by $1,397 a person (a 14 percent reduction compared to the control group).[22] Florida's Project Independence, which likewise stresses immediate entry into the labor force, has increased overall employment rates of those in the program group by over five percent and has lowered AFDC payments to those in the program group by close to seven percent.[23]

The programs described above share three elements: First, each assesses the needs and skills of each if its clients individually and assumes that he or she wants to work. Second, each bypasses traditional education and training and instead puts

---

[21]The New Hope Project, corporate documents, 1994, Sharon Schulz, executive director. Percentages were calculated by the Progressive Policy Institute from numbers reported in organizational documents.

[22]Daniel Friedlander, James Riccio, Stephen Freedman, "GAIN: Two-Year Impacts in Six Counties," (New York, NY: Manpower Demonstration Research Corporation, May, 1993), p. xxi. Reported gains and savings were recorded over a two-year period. The control group consisted of AFDC recipients who were excluded from GAIN, but who could seek access to other services in the community.

[23]James J. Kemple and Joshua Haimson, "Program Implementation, Participation Patterns, and First Year Impacts," (New York, NY: Manpower Demonstration Research Corporation, January 1994), p. 14.

its clients to work as quickly as possible. And third, each forms strong links with local employers and works hard to maintain them.

None of this is to say that education and training programs have no value. Almost by definition, welfare recipients would benefit from more education and training, as indeed most of us would. However, employers value formal training less than the informal skills and habits that make for a dependable worker, such as showing up for work on time, doing a conscientious job, notifying employers of absences, and communicating well with co-workers.

It may make sense for some recipients, such as teenage mothers who have dropped out of school, to delay their job searches while they attend classes to earn their diplomas. (On this point, Toby Herr reports that although 50 percent of the high school dropouts in her program prefer to resume their educations rather than seek work, few actually obtain a degree or GED.)[24] But for most adults, getting a job is usually a better bet than getting generic training that may have little relevance to the local job market. This should not be surprising; most people learn their jobs on the job. What welfare recipients need more than anything else is to be reconnected to the world of work. Then, more education and training will make sense as ways to improve their career prospects.

Making job placement the central mission of a revamped social policy is crucial for another reason: The more welfare recipients we can place in private-sector jobs, the fewer will reach the two-year limit and need community service placements. Critics of the President's plan already are conjuring up images of a massive public jobs program—the mother of all CETAs.[25] Work in public jobs is certainly better than idleness, but work in private-sector jobs is better still—from the standpoints both of welfare recipients striving for self-sufficiency and of taxpayers.

To forestall the need for a big public jobs program, the Administration apparently will apply the two-year limit at first only to young recipients—those born after 1971 (which is to say, under 25 years old). This makes sense; young people are likely to have the longest stays on welfare. Such a phase-in has both the advantage and disadvantage of sharply reducing the number of people who could potentially reach the two-year limit. It is expected that by the year 2000, only about 400,000

---

[24]Toby Herr and Robert Halpern, "Changing What Counts: Re-Thinking The Journey Out Of Welfare," (Evanston, Illinois: Center For Urban Affairs and Policy Research, Northwestern University, April, 1991), p. 15.

[25]The Comprehensive Employment and Training Act of 1973 (CETA), a public jobs program, was begun by President Richard Nixon. It was terminated in 1981, early in the Reagan Administration, amid criticism. At its peak, it created about 750,000 jobs. See Jason DeParle, "Change In Welfare Is Likely To Need Big Jobs Program," *The New York Times* (January 30, 1994), A1.

recipients would reach the time limit and enroll in the "Work" program. While permitting a more gradual transformation of the system, this targeted application of the time limit gives ammunition to skeptics who already suspect President Clinton of backing away from his pledge to end permanent welfare.

Administration officials counter that the number of people subject to the limit would rise steeply after the year 2000. The alternative—applying the limit to everybody right away—would overwhelm the nascent to nonexistent capacities of states to find jobs for welfare recipients. Considering the danger of 1960s-style overreaching and the glacial pace of bureaucratic change, the gradualist approach is more realistic. It will give the states leeway to test different approaches and federal policymakers the chance to make mid-course corrections as necessary. Regardless of the pace and scope of reform, the core challenge remains constant: to recast welfare as a job placement enterprise that rewards those organizations, whether public welfare or employment agencies or private associations and businesses, that deliver the best results.

The Administration's Blueprint

The Progressive Policy Institute's (PPI) work-based strategy for welfare reform overlaps substantially with the approach taken by both the House Mainstream Forum, headed by Rep. David McCurdy, and the Administration's working group on welfare reform. Like the Administration's plan, the Mainstream Forum proposal includes a two-year limit on welfare and other provisions that would reinforce the values of work, family, marriage and individual responsibility. While the White House/HHS working group on welfare reform worked conscientiously and imaginatively to craft a plan that combines a two-year time limit with new supports for work, it does still have some soft spots. Rep. McCurdy's bill offers provisions that shore up these weaknesses.

Following are some ideas, many of which are included in Rep. McCurdy's legislation, that address the weak spots in the Administration's proposal.

▶ *Reform should expand choices for needy citizens and create a more pluralistic social policy.* The President envisions an enlarged JOBS program as the centerpiece of welfare reform. Yet expanding the existing welfare system is not a promising way to start reinventing the welfare system. Society will not help poor families escape poverty and dependency simply by surrounding them with more professional service providers. That is how citizens are turned into clients. Instead, we should rely more on civic associations and community institutions, as well as businesses, to help integrate poor Americans into the economic and social mainstream. A reinvented welfare system should shift power and responsibility from public bureaucracies to the voluntary institutions of civil society, as well as to needy citizens themselves. It

should adopt what the Industrial Areas Foundation calls its Iron Rule: "Never, ever do for others what they can do for themselves."

▶ *Time limited community service to encourage private work.* Community service work should be a temporary default system for people seeking private jobs, not a permanent entitlement. Time-limiting community service work as well as welfare *per se* maintains pressure on people to exit the public system, while giving them sufficient time to do so.[26] Yet the President imposes no certain limit on "WORK," the public jobs component of his reform plan.

▶ *Performance measures and incentives for welfare case workers.* Genuine welfare reform depends on changing the behavior not only of welfare recipients, but also of the welfare bureaucracy. Instead of determining eligibility for benefits, case workers must become adept at job placement. Their pay and job security should depend on how many people they place and keep in jobs. For example, Larry Townsend, who runs the highly successful GAIN program in Riverside, requires each case manager to place a minimum of 12 recipients in jobs each month. Unfortunately, the Administration's plan is vague on the key questions of performance measures, incentives and training for welfare employees. Nor does it encourage competition between JOBS and private job placement agencies.

▶ *Exemptions must be tightly drawn.* The President's plan stops short of true time limited reform by allowing too many exemptions from the two-year limit, severely weakening the limit's intended impact: to act as the lever that moves recipients from welfare to work. The Administration freezes the two year clock for recipients engaged in part-time work. We should indeed encourage unsubsidized part-time work during the two years, but exempting part-time workers from the limit will create a "half-half" split between welfare and work that could go on indefinitely. Moreover, the Administration's plan further undercuts the force of time limits by allowing people to "earn back" eligibility for welfare benefits for work performed after leaving the system.

▶ *Increase child care for the working poor.* Because President Clinton ruled out new revenues to pay for welfare reform, he was forced to pare back several provisions in his plan, including expanded child care for the working poor. In addition to making work pay, increased child care buttresses a key principle of reform: The working poor should never be worse off than the welfare poor. Moreover, the Administration could foster more choice and flexibility in child care by

---

[26]The Mainstream Forum, a group of moderate Democrats in the House of Representatives, introduced the *Independence For Families Act* on May 19, 1994. The Mainstream Forum bill contains a provision that limits community service to three years.

encouraging all states to convert existing subsidies for providers into vouchers for consumers and urging states to relax strict regulations on informal care.

▶ *Pay for reform with a "cut and invest" strategy.* In the short term at least, a work-based social policy would entail new expenses—for child care, for medical insurance, for more job placement, education, and training, for fallback community service jobs. Underfunding these critical components would imperil welfare reform both substantively and politically: Some liberals already are drawing analogies between welfare reform and the deinstitutionalization movement of the 1960s, which emptied state mental hospitals but failed to produce the community health centers that were supposed to replace them—leaving thousands of mentally ill people no choice but to live in the streets.

In return for real work requirements, we should be willing to spend whatever it takes to make work pay. Yet stringent budget rules bar adding to the deficit and limit policymakers' financing options to increasing revenues, cutting other social entitlements, or some combination of the two. Unwilling to raise taxes, the Administration has scaled back its plan, which is expected to cost only $9.3 billion over the next five years.

Low-income people should not bear the entire burden of financing welfare reform. Neither should we raise taxes on the middle class generally. There is an progressive alternative: curb federal spending and tax subsidies flowing to powerful industries. For example, PPI has identified more than 65 tax and spending subsidies for particular industries that cost American taxpayers $225 billion over five years. We could fund welfare reform—and a great deal more—by paring subsidies for home construction, for the agricultural and energy industries, or by charging industries the full cost of certain government services which they receive gratis or at cut rates.

The Clinton plan defines the vital center of the welfare debate. With moderate House Democrats and a majority of House Republicans embracing the main tenets of the President's approach, we have—and ought to seize—a rare opportunity to forge a broad, bipartisan coalition for fundamental change.

Of course, there are lots of devilish details to be sorted out, and a work-based social policy will be no more immune than other initiatives to the law of unintended consequences. All of this suggests the need for humility about what we can accomplish and how soon we can do so. The changes contemplated here will require a lengthy transition, state experiments with private jobs and community service jobs, and much more rigorous evaluation of these efforts. Above all, we must introduce changes gradually to allow for adjustments as we go along.

Nonetheless, give President Clinton credit -- he has opened the possibility for a radical but constructive change in welfare and put the values of work, family and individual responsibility back at the center of our social policy.

THE Public Welfare Coalition
FOR A HUMANE PUBLIC AID PROGRAM IN ILLINOIS

Sharron D. Matthews
Executive Director

Testimony on the Work and Responsibility Act of 1994, H.R. 4605/ S. 2224
Submitted to Subcommittee on Human Resources, Committee on Ways and Means,
United States House of Representatives on Monday, August 8, 1994
As Prepared by Sharron D. Matthews, Executive Director, Public Welfare Coalition of Illinois

The Public Welfare Coalition (PWC) is a 25 year old broad based coalition comprised of over 200 social service, civic and religious organizations and individuals across Illinois who are concerned with how public aid policies and programs affect the lives of nearly 1.5 million of their fellow Illinoisans. (See the attached PWC fact sheet.) PWC combines policy analysis, advocacy and public education to help create more responsive and equitable public aid policies on the local, state and national levels. PWC is committed to insuring that adequate resources are available for those in need and that progressive changes are made in the welfare system to train and provide appropriate and adequate supportive services to recipients who are moving from welfare into work.

PWC fully supports welfare reform and understands the need to reform the present welfare system. PWC believes, however, that adequate supportive services, quality education and training, and the creation of jobs that pay a livable wage are the key to real welfare reform. We applaud President Clinton's leadership and advocacy for, what is to date, the most comprehensive review by government of one of the most complex and urgently needed social programs of our nation's history. The legislation's emphases on transitioning from welfare to work, support of two-parent families within the welfare system, the ending of the cycle of intergenerational welfare dependency, and decreasing the rate of teenage pregnancy are all initiatives that PWC has supported since its inception in 1969 . With these factors in mind, PWC respectively submits the following testimony in both support and opposition to various aspects of President Clinton's Welfare Reform Plan, the Work and Responsibility Act of 1994, (H.R.4605 / S. 2224).

Financing

PWC opposes the plan to finance the welfare reform legislation. The funding levels contained in the plan do not include adequate resources to fully provide the education and training, and supportive services necessary to transition welfare participants from welfare to work. In addition to inadequate resources, the limited resources which are currently allocated for welfare reform in the bill could be better utilized.

We further disagree with the selection of programs targeted for reduction in order to pay for welfare reform. The welfare reform plan unfairly targets urgently needed services to immigrants and SSI recipients for the majority of the proposed reductions. How will the immigrants, who would have been eligible for SSI, AFDC and Food Stamps, survive? The United States has always represented a gateway to democracy and a better quality of life for people from all over the world. Million of individuals and their families members who are politically and economically oppressed have made and will want to make the United States of America their home. We are cutting the very programs aimed at helping them until they can get established and fully contribute to the country. There also needs to be reconsideration of the decision to limit SSI eligibility for individuals who are disabled because of alcoholism or substance abuse. Alcoholism and substance abuse are serious illnesses. Sadly, and inevitably, some of the same young mothers who are targeted for the JOBS program will need this assistance also. Until adequate funds for alcoholism and substance abuse treatment can be provided on demand, we should not restrict the SSI eligibility criteria for the hundreds of thousands who need it so desperately.

Another proposed savings is to cap the Emergency Assistance Program used to primarily keep families off welfare. Capping this entitlement program will further exacerbate the problems of homelessness and the severe lack of available and safe foster care placements. Many states use this program to assist families that are homeless or near homeless as well as to assist families with services in order to keep their children from being placed in state custody.

What is Left Out of Welfare Reform Plan?

Besides insufficient support services, the plan fails to address several important issues. First, the plan does not provide for any cash assistance, education and training or social services for single adults who do not have children. The single adult population has long been neglected by the federal government. Currently, providing assistance to single adults has been left up to individual states. Obviously, many states have opted not to provide assistance to this population. Those that do have been cutting that assistance in recent years. Minimally, the federal government should at least examine providing matching funds, based on population, for states to provide cash assistance and JOBS services to single adults.

The majority of single adults receiving public assistance in Illinois, and probably nationally as well, are African-American males. When will the federal government realize that until the needs of this population are also addressed, any other attempts at welfare reform will be seriously undermined? These males are not only potential fathers, but also in many instances, are fathers who have not officially claimed children who are receiving AFDC due lack of personal resources to support them. In addition, these males belong to someone's family and serve as role models for the communities in which they reside . They are a vital missing link in the network of family units and communitie's which serve as the backbone of American society.

The plan fails to provide for meaningful job creation and economic development. We believe that private sector job creation and economic development are fundamental to the success of welfare reform. As we all know, many welfare recipients are ready, willing, and able to work but do not have sufficient job opportunities. There are thousands of jobs that can be created for poor people, just by undertaking an ambition economic development program in our nation's urban areas. We can create jobs and rebuild neighborhoods simultaneously. We can educate and train hundreds of thousands of welfare recipients, but if we do not provide real job opportunities, they will remain on the welfare rolls because they will not be able to find employment.

In addition, the plan fails to address the issue of minimum AFDC benefit levels. Clearly, AFDC cash benefits are inadequate to cover family needs. AFDC cash grants in Illinois provide only 41.2% of the State Standard of Need and 36.7% of the federal poverty level. To add to the problem, only 19% of AFDC families live in subsidized housing. There are millions who don't live in subsidized housing paying as much as 75% of their grants, for in many cases, substandard housing. The federal government should either establish minimum AFDC benefit levels or require that states cannot reduce AFDC benefit levels below June 1, 1994 levels.

Time Limits and JOBS

PWC is opposed to any time-limits on welfare assistance. There is no research data that supports the need to impose a time limit. To the contrary, most welfare recipients leave the welfare rolls within two years. Although the phrase "two years and out" sounds attractive politically, it does nothing to improve welfare recipients' chances of obtaining employment or becoming self-sufficient. We support the approach taken in U.S. Representative Matsui's welfare reform proposal, Family Self-Sufficiency Act, H.R. 4767, which increases funds for education and training, job placement and work participation but does not place an artificial time-limit on benefits.

The time-limit requirement also does not provide states with needed flexibility in granting exemptions and deferrals. The federal government proposes to cap the number of exemptions at 5% and penalize states that provide exemptions of more than 5% of the eligible phase-in population. States should not be penalized for offering exemptions to those individuals who genuinely qualify for them. This will only force states to enroll individuals who should not be subject to the time-limit requirement and, therefore, will undermine these individuals chances of success and further waste valuable tax dollars.

Like most of the advocates and responsible social service, and job training and development professionals working throughout Illinois and America, we have serious reservations about the suitability of starting the time-limit requirement with younger welfare participants who also have the youngest children. These mothers usually require more intense and costly job training and education, skill development, day care and other supportive services than other segments of the client population. As mentioned before, there is already a shortage of infant/toddler day care services which young parents will require. The emphasis on younger parents will also shift funds

from older recipients who, as a result, will not be able to obtain JOBS Services.

States should not be provided the latitude to expand the age limit for those individuals subject to the time-limit. The time- limit is already punitive enough without states having the flexibility to expand the requirement to other age groups.

We fully support the increased federal match rate for the JOBS. As you know, many states have done a terrible job of providing state matching funds to draw-down the federal match. Illinois, as a prime example, over the last two years has left over $30 million in federal matching funds because of legislators' reluctancy to allocate enough state funds. Despite our endorsement of the increased federal match rate, additional funding must be allocated for the provision of JOB services to those individuals who are not in the phased-in group. Under the current plan, states would only guarantee JOBS services to individuals in the phased-in group. Therefore, states may not have the funds available to provide JOBS services to individuals over 24 years of age who may request them. Any mother, regardless of age, who volunteers for JOBS should receive the services. These mothers/fathers have volunteered for education and training so that they can provide a better life for their children. Does the federal government really want state agencies to tell the individuals, whose numbers may be more than those young mothers of the target population, that we cannot afford to help them in their efforts to leave the welfare rolls to become employed and self-sufficient

WORK Program

We do not believe that the current structure of the WORK program will transition many individuals into long term, gainful, unsubsidized employment. The scope of the program lacks depth, breath and understanding of what stereotypical images and social, personal and economic barriers have to be planned for and overcomed for such a work program to actually work.

1) Emphasis thus far is on community service jobs and not the creation of gainful employment opportunities within the private sector;

2) No inclusion of comprehensive research and analysis of the current job and future job markets;

3) No education, knowledge or skill assessment of the labor market to identify and facilitate job training or placement;

4) No planning with local community and government representatives on how to best utilize the additional labor resources from the WORK program in a comprehensive community development process for neighborhoods;

5)No planning for how to incorporate elements to promote upward mobility and long term, gainful employment for either public or private sector jobs; and

6) Severely inadequate resources for technical assistance to assist local state agencies in the transition from income maintenance entities to employment agencies..

We do support providing either work assignments or cash assistance for those who are on a waiting list for a work assignment. The WORK program appears destined to be a massive bureaucracy, where employers can obtain free labor with no guarantees of providing unsubsidized jobs. In Illinois, there is a program called Earnfare that is similar to the proposed WORK program. PWC jointly conducted the first and only outside evaluation of the Earnfare program in collaboration with a local university. We have attached a copy of an evaluation of the program. The evaluation found that most of the Earnfare job assignments are very low-skill jobs that require no real job training or skill development. The study also revealed that participants needed a variety of support services, and education and training in order to make the transition to work. Moreover, most of the employers used the participants more as free labor without regard to theirdevelopment of new employees. The federal government should place emphasis on the development of real private sector jobs instead of a program destined to be another bad workfare experiment, but this time on the national level.

One job creation strategy that we support is to require companies and organizations awarded federal contracts to set-aside a percentage of jobs for low-income individuals and families receiving public assistance. The impending contracts for installment nationally of the Electronic Benefits Transfer technology is a prime opportunity for such an initative. In Illinois, there has been proposed for the last two years a bill requiring a 5% job set-aside for state funded projects over $500,000, for individuals eligible for public assistance. Only this level of government commitment can start to develop the necessary gainful employment opportunities for individuals on welfare. Another strategy that should be explored is the Section 3 rule of the Housing and Urban Development Act of 1968. This rule is aimed at helping communities, families and individuals in obtaining jobs, training and other opportunities created by HUD funded projects. This rule should apply to all categories of federal assistance. Job set-asides and targeting federal funds to assist individuals, families and communities are the type of innovative job creation strategies that need to be employed.

Another major flaw of President Clinton's plan is requiring public assistance recipients to take the first job offered. These jobs will probably be minimum wage, with few, if any, benefits or upward mobility opportunities. As a result, participants will simply be transferring from the welfare rolls into the ranks of the working poor. The reform plan lacks the type, quality, and flexibility of length of assistance to realistically to move individuals from the working poor category so that parents can afford a decent living environment for their children and themselves.

Support Services/Make Work Pay

One of the major disappointments resulting from reduced funding for welfare reform is the inability to provide for child care for both those in the phase-in group and the working poor not in

the phase-in group. There will be hundreds of thousands of young mothers who will be forced into this proposed two-year time limit. There are clearly insufficient funds for the development of the necessary infant/toddler day care services for all of the very young children who will need day care services. There is already a shortage of infant/toddler day care and President Clinton's plan will greatly add to this problem. We agree with the various day care associations that funds must be provided to adequately develop the supply of infant/toddler day care services before any time-limit or increased JOBS mandates are required. In addition, many employment opportunities can be development for welfare participants as part of the solution for this issue.

There was $5 billion allocated for IV-A "At Risk" funds for child care in President Clinton's original plan. The funds were later reduced to the current recommended level of only $1.5 billion. These funds are used for providing day care services to the working poor. The recommended funding level will only provide 1/10 of the estimated need for child care for the working poor in this country. How can we provide $30 billion for a crime bill, but only provide $1.5 billion for day care services to poor working mothers?

We would also recommend that the Transitional Child Care program be changed from its current one year limit to a "means tested" program. It has become apparent that one year is not enough time for many mothers/fathers to stabilize their job and living situations. Many mothers are having to return to welfare after only one year of working because they cannot afford to pay for child care. By means testing child care, a person can continue receiving day care until they can fully afford to pay for the care. As the parent earns more money, they would be required to pay a greater cost of their child care.

Child Support/Paternity

Although we fully support stricter child support requirements and enhanced enforcement of child support orders, we do not support the administration's punitive approach to the establishment of paternity. There are a number of issues about why a mother may not choose to name the father of her child. Mothers may have legitimate reasons (including fear) for not naming the father. Receiving public assistance should not be contingent on the mothers' ability to name the fathers.. The children will be the ones hurt by a mother being denied assistance. Officials should work with the mother based on her own individual circumstances to try to establish paternity. For those fathers identified who cannot provide support because they lack the necessary education or training to gain employment, JOBS services should be made available. Illinois has an innovative program called the Paternity Demonstration Project that provides JOBS related services, along with parenting skills and other support services, for non-custodial fathers. The federal government should use this project as a model for similar programs in other states.

Waivers/Sanctions

The Work and Responsibility Act of 1994 calls for much stricter sanctions for non-cooperation than current law. Currently, for most sanctions only the mother's portion of the AFDC grant is cut. The President's plan would eliminate the entire family grant in most cases. This would

devastate many families. There is no doubt that homelessness and the need for foster care placements would increase tremendously as a byproduct of full family sanctions. Jess McDonald, Director of the Illinois Department of Children and Family services estimated that at least five times as many children than currently are being served would be forced into the child welfare system because of this particular aspect of the welfare reform plan.

The President's plan would also allow states the option of capping welfare benefits for mothers who have additional children while on welfare. We believe this is an extremely punitive state option that again will only hurt the children. The average AFDC family consist of only two children. In Illinois, a mother only receives $47 for each additional child while on AFDC. This hardly seems like an incentive additional children. What family cap legislation would do is harm those children who happened to born into this situation. Parents will be forced to raise their children with less money. States currently have the option of implementing family cap legislation. We strongly urge that this option be eliminated nationally along the punitive and stereotypical ideas that promoted the passage of this type of legislation.

In closing, we of PWC will continue our advocacy and support true welfare reform. To our dismay, the Work and Responsibility Act of 1994 is too little, to late unless more resources, planning and creativity are included in the policy's formulation. In addition, there must be passage of health care reform (which must include universal coverage). Many elements of the Matsui bill need also to be incorporated along with a stronger commitment to human development by all members of Congress before real welfare reform will be possible. Thank you.

[THE FULL TEXT OF THE ATTACHMENT IS BEING RETAINED IN THE COMMITTEE FILES.]

PUBLIC WELFARE COALITION

100 South Morgan, Chicago, IL 60607

WHAT *is the Public Welfare Coalition?*

The Public Welfare Coalition (PWC) is comprised of over 200 organizations and individuals across Illinois who are concerned with how public aid policies impact the lives of nearly 1-1/2 million fellow Illinoisans. PWC combines policy analysis, advocacy and public education to help create more responsive and equitable public aid policies on the local, state and national levels. PWC is committed to insuring that social resources are available for those in need and that progressive changes are made in the welfare system to train and provide supportive services to recipients who are moving from welfare into work.

WHY *is the Public Welfare Coalition needed?*

The Public Welfare Coalition is the oldest organization that primarily addresses public aid policy and program issues in Illinois. It is dedicated to improving the conditions of those in extreme poverty by working as a catalyst to identify problems, develop solutions and organize for change.

- There are almost 1.5 million Public Aid recipients in Illinois, an increase of 17% in two years. This number represents 12% of the state's population, the highest ever.
- Half of AFDC recipients are children. Half of the children are age 6 and younger.
- The average Public Aid family includes just 2 children.
- In 1993 public assistance grant levels provided only 42% of the State "Standard of Need"-- the state's poverty index.
- A mother with two children only has $12.50 a day in cash assistance to support her family.
- The buying power of the Public Aid recipient's dollar is 52% less than it was in 1970.
- An increasing number of Public Aid families are spending 80% or more of their cash grants on housing costs. Less than 19% of recipients have subsidized housing.
- There has been a large growth in homelessness among families. The number of homeless people in Illinois is estimated to be over 100,000, compared to 40,000 in 1986.
- Over 83,000 single individuals were cut off of General Assistance in 1992. The Earnfare program, which serves a maximum of 4,000 individuals a month, is the only program now available to those individuals that were cut off. The Earnfare program does not provide any medical benefits to those recipients struggling to make their transition into the workforce.
- The state appropriated $7.5 billion for Public Aid in FY95. However, 76% is for medical costs which jumped by 6.4% over the previous year. This leaves only 14.9% for income assistance, 2.3% for employment and social services and 6.8% for overall administration of services and programs.

PWC believes the only real solution to welfare is **jobs**. It has been well documented that many welfare recipients are willing and able to work and may need job training, affordable quality child care, quality health care or other supportive services, but most importantly, they need real jobs that pay a livable wage.

SAMPLE PUBLIC AID GRANTS AND OTHER BENEFITS IN ILLINOIS COMPARED TO THE STATE STANDARD OF NEED AND THE FEDERAL POVERTY LEVEL

FAMILY SIZE	* 1994 CASH GRANT	MAXIMUM FOOD STAMPS	MAXIMUM TOTAL BENEFITS	1994 STATE STANDARD OF NEED	CURRENT FEDERAL POVERTY LEVEL
1 (TA)	$ 154	$ 112	$ 266	$ 514	$ 613
3 (AFDC)	$ 377	$ 295	$ 672	$ 915	$ 1,027

* The grants listed in this table are the highest payment levels in 14 counties. The payment levels are even lower in other counties. The cash grant only provides 41.2% of the State Standard of Need for AFDC and 29.9% for Transitional Assistance as of 1994.

Sources: Illinois Department of Public Aid and US Department of Labor

WHAT *services does PWC provide?*

The heart of PWC's **Advocacy Program** is the crisis hotline, which handled more than 1,300 calls in 1993. The hotline offers information on access to benefits; resolution to problems that interrupt grants and threaten families and individuals with homelessness and other crises while educating recipients, caseworkers and community organizations about welfare rights, policies and procedures. PWC also publishes the only handbook totally devoted to providing a summary of IDPA policies and procedures.

PWC's **Education Program** keeps legislators and the public informed about current policy issues and the needs of people on public aid through the media, public hearing testimony, a **membership newsletter** and the **Fax Network Briefings.**

PWC's **Public Policy Program** monitors changing public aid policies and their implementation. As a coalition, PWC identifies and implements strategies to remedy issues that adversely affect recipients. This includes monitoring federal welfare reform legislation and providing briefing papers and recommendations on various aspects of welfare programming.

Coalition members are encouraged to participate in these activities. Since 1969, individual and organizational members have made the Public Welfare Coalition a leader in advocating for the needs of the poor throughout Illinois.

Membership in PWC offers multiple benefits:

- ✔an aggressive vehicle for change within the public aid system;
- ✔regular issues briefings;
- ✔monthly Membership News; and
- ✔discounts on PWC products and workshops, including the Handbook of Illinois Public Aid Policy, 2nd Edition.

To join PWC, please contact:

PUBLIC WELFARE COALITION
100 SOUTH MORGAN STREET
CHICAGO, ILLINOIS 60607
Office: (312) 829-5568
Fax: (312) 829-9481

8/94

BY CATHERINE HARNED AND ELLEN M. DRAN
PUBLIC WELFARE COALITION

The goal of this evaluation is to determine how well Earnfare helps its participants gain work experiences that will lead to permanent, unsubsidized employment, and to make recommendations that will help it be the best possible program for the individuals it serves. Because of its ongoing concern with the population Earnfare is intended to serve, the Public Welfare Coalition contracted with the Center for Governmental Studies at Northern Illinois University to do this evaluation. The Joyce Foundation provided funding.

Program Background

In FY93, 83,000 single individuals in Illinois lost their income maintenance benefits provided through Transitional Assistance.[1] It was replaced, in part, by Earnfare, a voluntary program using for-profit, not-for-profit, and government agencies to provide part-time work experience for single individuals who have no dependents and are eligible for food stamps. The policy assumption of the program is that through work experience participants will become attached to the labor market and be able to obtain unsubsidized employment.

Earnfare began in October 1992, three months after Transitional Assistance ceased to be available for employable adults. It was located in that part of the Public Aid Code which authorizes the Department of Public Aid to administer the federal food stamp program so that the state can receive federal funds for administrative expenses. Earnfare is thus part of the state's Food Stamp Employment and Training Program (FSE&T).

The Earnfare Program

An individual who wishes to participate in Earnfare first volunteers for FSE&T, goes through orientation and assessment, and then volunteers for the Earnfare component. To qualify, applicants must be financially eligible for Transitional Assistance, employable, and receiving food stamps.

Earnfare participants must work off the dollar amount of their food stamps, at minimum wage, before they receive cash wages. If they receive the maximum of $112 in food stamps, this takes 26 hours. After the value of their food stamps has been worked off, participants are paid minimum wage for each hour they work, up to 36 additional hours, or $154 a month. In addition to their wages, participants receive transportation expenses for travel to and from work, and the state provides their Workman's Compensation coverage. They are limited to six months of participation in one year. After being out of the program for six months, they can reapply for Earnfare. There is no limit on the number of times a person can participate. There are no medical benefits.

The Department of Public Aid is responsible for the overall administration of Earnfare. It administers the program directly in Chicago and also contracts with community organizations in Chicago and local governmental units, mostly townships and some counties, outside of Chicago.

There are two types of Earnfare employers/contractors:

- **Earnfare Employers (Earnfare I).** These employers contract directly with the Department of Public Aid to employ Earnfare participants in Chicago and with local governmental units outside of Chicago.
- **Comprehensive Earnfare Contractors (Earnfare II).** These are community-based agencies that contract with the Department of Public Aid to recruit both Earnfare employers and participants. They can hire Earnfare participants themselves or place them with other employers.[2]

[1] In FY92, Transitional Assistance replaced the state's former general assistance program for single individuals classified as employable, reduced cash benefits from $165 to $154, and restricted benefits to nine months each year

[2] A third type, job placement contractors, was added for FY94 and was not included in the evaluation

Evaluation Goals and Methods

We used a combination of quantitative and qualitative methods to obtain information from the three primary components of the program:

- **Administrators.** We conducted nine personal interviews with department staff, and interviews and focus groups with nine administrators from local governmental units outside of Chicago.
- **Employers.** We sent a mail survey to 831 employers; the response rate was 57 percent. Four post-survey focus groups with employers helped to flesh out the meaning of the survey data and provided examples.
- **Participants.** We solicited the perspective of participants in six focus groups. There were 75 men and women representing current program participants, individuals who had completed the program, and those who chose not to participate in Earnfare.

Characteristics of Employers and Participants

Most employers found out about Earnfare from the Department of Public Aid, other organizations, local governmental units, or the media. Participants learned about the program from friends, letters from the department offices, and food stamp caseworkers. Participants stated that there was initial confusion among department staff about the program and interviews with these staff indicated that there were no funds in the budget to market the program.

Employers' most frequently cited reasons for participating in Earnfare were a desire to help the community and to obtain free labor. Participants signed up because of a lack of alternatives for income, especially the lack of jobs.

The majority of Earnfare jobs were janitorial or secretarial/clerical positions. Seventy-seven percent of employers indicated on the survey that they provided training to Earnfare participants. From the employer and participant focus groups, it appears that this training was mostly orientation to the specific work setting.

Survey respondents to the employer survey indicated general approval of Earnfare and its goals, and also identified some problems with participants and the administration of the program. In particular, they cited absenteeism and what they considered a bad attitude on the part of some participants. In the participant focus groups, absenteeism was acknowledged as a problem for some participants, especially those who are unwilling or unable to work because of drug and alcohol problems, mental illness, or health problems. In the employer focus groups, substance abuse was mentioned quite frequently as a serious problem and a prominent cause of absenteeism. Responses to the survey suggest, however, that it is not a typical problem with most participants.

Participants attributed bad attitudes more to discrimination in the work place related to assigned tasks, wages, attitudes of other workers, or defensiveness on the part of participants about their ability to fit in, than to attitudes brought to the program.

A little over half the respondents to the survey indicated that they had dismissed an Earnfare participant, mostly for absenteeism, poor attitude, or being late to work. Some employers believe that participants drop out of the program because they are not motivated, the job match is poor, or the pay is too low.

These problems with participants led employers to suggest that more comprehensive assessment of participants is required. Participants felt that they were willing to work, but they needed more comprehensive services related to job match, assessment, education, and monitoring of employers.

All groups we interviewed stressed the need for assessment of participants. Employers stated that

assessment to ensure a match between the skills of workers and the skills required by the jobs for which they are hired is important. Participants felt that employers should also be assessed to ensure their commitment to do what they said they would, especially in terms of assigning jobs and, to the degree possible, demonstrating respect for the participants. It is important to note that many participants indicated that they had a positive relationship with their employers.

Structure of the Program

Five major issues of program structure dominated the participant focus groups and were of concern to employers on the survey and in their focus groups. These are: the level of the stipend ($154 per month), number of hours of work (62 per month), the food stamp work-off, the six-month yearly maximum, and the absence of medical benefits.

Most participants agreed generally that Earnfare was better than nothing, that it gave their lives more purpose to have something to do, and that there was a much better chance of finding a job if they were working. Nonetheless, the low pay, food stamp work-off, and absence of medical benefits adversely affected their self-esteem. Participants had difficulty understanding why they had been singled out not to receive medical benefits, why they could not work a 40-hour week, or why they must work off the value of their food stamps, which lowers their effective hourly pay scale to $2.48.

Administration

The administration of the Earnfare Program is not simple. There are three administrative structures for the program and numerous administrative entities, with varying sizes, experiences, and operating procedures. The Department of Public Aid had little time to plan and implement the program and it is still evolving.

Earnfare I employers were positive about the paperwork requirements of the program. They did cite a need for employer orientation to the program. Earnfare II contractors and local governmental units identified problems with unclear reporting expectations, conflicting information from department staff, the volume of paperwork, and issues of timing in determining participant eligibility in order to be reimbursed for wages.

Summary and Conclusions

The evidence we examined shows that there are at least three kinds of individuals in the Earnfare-eligible population. There is, first, a core group for whom Earnfare works or can work with certain changes. However, many men and women in the Earnfare-eligible population are in a second group of severely disadvantaged individuals. The assumptions behind the statute and the program, that they are job-ready and merely require an employment experience, is erroneous for this group. Reports from all the sources used in the evaluation stress again and again that physical and technical supports are required if these individuals are to get and keep jobs. A third group of individuals suffers the effects of long-term substance abuse, mental health problems, and homelessness. For them Earnfare is inappropriate.

The program also makes assumptions about the job market and job placement activities that are often not valid. One is the assumption that full-time jobs offering sufficient wages and benefits to remove participants from dependence on welfare are available in the communities where poor people live. At this point in the program the low number of permanent placements does not bear out this assumption.[3] Another assumption is that local governmental units, which for the most part are inexperienced in planning and administering an employment program, can simply assume these duties.

[3]The Department of Public Aid has reported that during the first year, 19,000 individuals signed up for Earnfare and 1,000 reported subsequent unsubsidized employment

Recommendations

1 Efforts should be undertaken to provide Earnfare participants with higher wages and more hours of work.

The members of the participant and employer focus groups all agreed that $154 is not enough to live on. Housing costs, transportation, clothing, and child support are all beyond the reach of these participants. The food stamp work-off contributes to this lack of income, as does the fact that participants work only 62 hours a month and can take part in Earnfare for only six months a year.

2 The Department of Public Aid should take whatever steps are necessary to remove the food stamp work-off portion of the Earnfare Program.

Most participants and employers indicated that the food stamp work-off is a disincentive to work. Working the first 26 hours for no wages does not simulate a real-world work experience. Participants in many instances found this program requirement humiliating. There are differing interpretations of this requirement within the state; the Department of Public Aid should seek clarification and a waiver if necessary to remove this barrier to participation and drawback to motivation.

3 Medical benefits should be made available to Earnfare participants.

Seventy percent of the respondents to the survey, virtually all members of the focus groups, and interviews with administrative staff indicated that medical benefits are important for the success of the program. The actual absence of health care, the distress experienced by individuals who worry about getting sick, and a sense that they are somehow unworthy of these benefits can all interfere with job performance.

4 Data about the program should be made available to the public in a format that allows analysis and interpretation.

Data are not available in a timely fashion or in a format that the public can use to understand the program and offer suggestions for improvement.

5 Efforts to develop long-term jobs for Earnfare participants should be pursued.

More private-sector employers should be identified, with an emphasis on retention of Earnfare participants who perform satisfactorily. In the not-for-profit sector, when participants complete six months of quality work but cannot find unsubsidized employment, they should be allowed to continue for another six months, if there are unfilled slots available.

6 Strategies should be pursued to integrate funding and services with on-going employment and training and education entities.

Given the variety of needs of individuals who participate in Earnfare and the limited funding, efforts should be undertaken to identify resources to support longer-term work experience and human service supports for participants.

7 The Department of Public Aid should develop and implement a more aggressive and complete assessment program for potential Earnfare participants.

The absence of assessment affects participants adversely in two ways. First, placements are sometimes inappropriate, and employers and participants suffer because of a poor skill match. Second, drug and alcohol or mental health problems can create a bad reputation for the program and those who want to work. Some participants abuse drugs and alco-

hol, but they can still hold jobs. Through that work they may also find a more positive self-image, making them less dependent on these substances. It is those participants with severe problems, which make them eligible for other programs, who should be better screened

- **Employers should receive an orientation session that provides them with background on the goals of the Earnfare Program and an understanding of the strengths and weaknesses of participants in the program.**

Employers indicated that they often did not understand the program or some of the administrative requirements and that they were frequently not prepared to deal with individuals who have not worked in a long time. An orientation session, a booklet, or a visit by department staff could help employers have a more successful experience in Earnfare.

- **Earnfare participants should receive a certificate when they successfully complete the program.**

In two of the participant focus groups it was suggested that a certificate could be shown to potential employers to demonstrate work history and quality work. It was apparent that participants also saw the certificate as a way of professionalizing and recognizing their work experience.

Sharron D. Matthews
Executive Director

Testimony on the Work and Responsibility Act of 1994, H.R. 4605/ S. 2224
Submitted to Subcommittee on Human Resources, Committee on Ways and Means,
United States House of Representatives on Monday, August 22, 1994
As Prepared by Sharron D. Matthews, Executive Director, Public Welfare Coalition of Illinois

The Public Welfare Coalition (PWC) is a 25 year old broad based coalition comprised of over 200 social service, civic and religious organizations and individuals across Illinois who are concerned with how public aid policies and programs affect the lives of nearly 1.5 million of their fellow Illinoisans. (See the attached PWC fact sheet.) PWC combines policy analysis, advocacy and public education to help create more responsive and equitable public aid policies on the local, state and national levels. PWC is committed to insuring that adequate resources are available for those in need and that progressive changes are made in the welfare system to train and provide appropriate and adequate supportive services to participants who are moving from welfare into work.

PWC fully supports welfare reform and understands the need to reform the present welfare system. PWC believes, however, that adequate supportive services, quality education and training, and the creation of jobs that pay a livable wage are the key to real welfare reform. We applaud President Clinton's leadership and advocacy for, what is to date, the most comprehensive review by government of one of the most complex and urgently needed social programs of our nation's history. The legislation's emphases on transitioning from welfare to work, support of two-parent families within the welfare system, the ending of the cycle of intergenerational welfare reform dependency, and decreasing the rate of teenage pregnancy are all initiatives that PWC has supported since its inception in 1969.

PWC previously submitted testimony on August 8, 1994 on various aspects of the Work and Responsibility Act of 1994 (H.R. 4605 / S. 2224). The following testimony provides additional comments on education and training for welfare participants, as well as comments on non-educational and training related aspects of the reform plan that were not addressed in previous testimony.

JOBS/Employment and Training

The quality and quantity of employment and training programs for welfare participants are the most important aspects of any welfare reform plan. We agree that the Job Opportunity and Basic Skills (JOBS) program should continue to provide the basis for education and training services to welfare participants. However, Job Training and Partnership Act (JTPA), School to Work Initiative and other job training programs need to be thoroughly evaluated and enhanced to provide the best and most comprehensive education and training options possible.

The JOBS program desperately needs more funding. The $600 million allocated in the Work and Responsibility Act of 1994 is woefully inadequate. Although additional funding is included in the President's plan, we support the Matsui bill which triples the funding for the JOBS program and increases the participation rate from 20% to 50%. By tripling the funding for JOBS, services can be provided to all welfare participants who need education and training and not just those born after 1971. If additional funding is not provided, many states will not have enough resources to guarantee education and training to those in the non-phased-in group who are greater in number and represent the majority of the adult population in need of assistance.

Although, we fully support the gradual increase in the JOBS state match rate, we believe that the initial increase should be effective upon the signing of any welfare reform legislation. Making the increase match rate available immediately will allow those states who have been unable to secure total federal matching funds to begin to collect their entire federal JOBS allocation and initiate expanded education and training activities. For example, in FY93 the Illinois JOBS program was only able to serve 18,963 out of 129,885 individuals eligible. In addition, do to the lack of limited resources, Illinois had to stop accepting individuals who volunteered for the JOBS program mid-year. In response, all Illinois Department of Public Aid (IDPA) did was to create a waiting list for participants wanting JOBS services. IDPA was also sued in FY93 for not providing the necessary child care services for JOBS participants.

As we mentioned in our previous testimony, we are opposed to the proposed system of "good cause" deferrals and exemptions where states would be penalized for exceeding a set cap of 5%. If a welfare participant is entitled to a deferral or exemption, it should be granted. Otherwise, the federal government will be encouraging states to limit the number of participants eligible for exemptions and deferrals in order to stay within the 5% cap. The end result will be the denial of an individual's true situation and the forcing of persons into programs not designed to meet their needs. This policy would, inadvertently or not, set up participants for failure and further waste urgently needed government resources.

Along with additional funding, states should direct a greater percentage of their JOB funds to job development, placement and retention activities. Again, we support the provision in the Matsui bill which would require that at least 10% of JOBS funds be devoted to these activities. Since the JOBS program seldom leads to long-term, full-time employment for program participants, a focus on job development, placement and retention is vital. In Illinois, IDPA conducted a sample survey in FY93 of individuals completing education and training activities and found that 32% were able to find employment. However, IDPA also noted in the same report that 22% of those entering employment were back to receiving public assistance within 6 months.

Currently, there is insufficient data available to properly evaluate JOBS and make recommendations for the other necessary adjustments in the program. The Matsui bill calls for the federal government to begin tracking vital JOBS statistics such as the number of job entries, entry wage levels, and job retention rates for program participants. States must be held accountable for quantifiable, as well as qualitative, performance measures for their respective programs.

The JOBS program must include employment and training activities that prepare participants for jobs currently in demand or projected to be in demand in their local labor markets. The federal government must insure that individuals are not being trained for jobs that are dated or have no current or future demand in the job market. This insurance is vital not only for the JOBS program but for JTPA and all other federal and state employment and training programs.

There must be linkages between the Work and Responsibility Act, the ReEmployment Act of 1994, and the School to Work Initiative. Presently there is no plan to coordinate the various employment and training services of these three major initiatives. Welfare participants must be able to access appropriate education and training activities in all three initiatives. This is especially true with job training activities. The Illinois JOBS program has a very minimal job training component and basically relies on the JTPA program to provide the majority of the job training services. Unfortunately, the Work and Responsibility Act does not address the effectiveness of the JTPA program in providing job training to individuals on public assistance.

We vehemently oppose the emphasis of the welfare reform plan on up-front job search activities. Although it is important to find jobs for participants, the emphasis on job search will draw needed funds from education and training activities within the JOBS program. In effect, the federal government is trying to move as many people as possible into minimum wage jobs that have little prospect of career advancement and/or job retention. The federal government has no comprehensive plan to educate and train the working poor for better job positions once they obtain a minimum wage job. This problem is further exacerbated by the requirement that participants accept the first unsubsidized job offer, no matter how undesirable the position maybe.

WORK Program

We believe that the Earned Income Tax Credit (EITC) should be provided for participants in the WORK program. Participants in the program should not receive less then they would have by receiving AFDC. It must be noted, however, that it is possible in some states which have lower AFDC grant levels that if a participant (because of sickness or other family needs) cannot work enough hours, he/she will receive less than what AFDC would have provided. By insuring that participants receive EITC, this unfortuante scenario will no longer occur.

Based on results and recommendations from an independent evaluation of the Illinois Earnfare program (which is very similar to proposed WORK program) conducted by Northern Illinois University in collaboration with PWC, the Coalition suggests the following: 1) Employers in the WORK program must be thoroughly screened and monitored; 2) Employers should be allowed to view or use participants as free labor or volunteers; 3) Employers who have a demonstrated capacity or commitment to hire and train WORK participants should be given preference; 4) Those employers who may not be able to hire participants should at least be able to provide a marketable trade or job skill that will enhance the participants' ability to gain employment in the local labor market; 5) Participants should also be given every opportunity to select from a pool of subsidized jobs offered by the various employers; and 6) Participants should also be given the opportunity to switch positions if the job match does not work out.

Parental Responsibility

PWC supports the concept of teens living with a responsible adult. However, there are many different reasons why a teen may choose to leave home, e.g., sexual abuse by a parent or sibling, threats of violence, unsafe environment living conditions, lack of opportunities in the local community area. Teens must be able to select which responsible adult with whom they want to live. If there is no responsible adult for the teen to live with, assistance in finding a shelter, group home or other appropriate placements should be provided. If the teen is found to be mature enough, every consideration should be given to providing she/he the option of setting up his/her own household.

Waivers

The Administration's plan calls for allowing states the option of eliminating the "100 hour rule" which penalizes two parent families. This "marriage penalty"had been eliminated in earlier versions of welfare reform. If the President wants his welfare reform plan to truly be called "pro-family", all states must be required to eliminate this anti-family rule. Illinois eliminated this rule for up to 11,000 AFDC-U families in FY94 and we urge the Administration to do the same for the nation.

In summary, the Public Welfare Coalition will continue to support responsible and humanely responsive welfare reform. The Coalition resoundly supports welfare reform which includes: tripling the funding for the JOBS program; providing exemptions and deferrals to participation in JOBS to anyone who is eligible; requiring states to devote a greater percentage of their JOBS funds to job development, placement and retention activities; no time-limits on education and training activities for participants; coordination of all federal education and training activities; the collection of data and information necessary to evaluating the success of education and training programs; and providing education and training services to the working poor who also are in desperate need of access to better employment opportunities.

FOR A HUMANE PUBLIC AID PROGRAM IN ILLINOIS

Sharron D. Matthews
Executive Director

Testimony on the Work and Responsibility Act of 1994, H.R. 4605/ S. 2224
Submitted to Subcommittee on Human Resources, Committee on Ways and Means,
United States House of Representatives on Monday, August 29, 1994
As Prepared by Sharron D. Matthews, Executive Director, Public Welfare Coalition of Illinois

The Public Welfare Coalition (PWC) is a 25 year old broad based coalition comprised of over 200 social service, civic and religious organizations and individuals across Illinois who are concerned with how public aid policies and programs affect the lives of nearly 1.5 million of their fellow Illinoisans. (See the attached PWC fact sheet.) PWC combines policy analysis, advocacy and public education to help create more responsive and equitable public aid policies on the local, state and national levels. PWC is committed to insuring that adequate resources are available for those in need and that progressive changes are made in the welfare system to train and provide appropriate and adequate supportive services to recipients who are moving from welfare into work.

PWC fully supports welfare reform and understands the need to reform the present welfare system. PWC believes, however, that adequate supportive services, quality education and training, and the creation of jobs that pay a livable wage are the key to real welfare reform. We applaud President Clinton's leadership and advocacy for, what is to date, the most comprehensive review by government of one of the most complex and urgently needed social programs of our nation's history. The legislation's emphases on transitioning from welfare to work, support of two-parent families within the welfare system, the ending of the cycle of intergenerational welfare reform dependency, and decreasing the rate of teenage pregnancy are all initiatives that PWC has supported since its inception in 1969.

PWC previously submitted testimony on August 8 and 22, 1994 on various aspects of the Work and Responsibility Act of 1994, (H.R. 4605 / S. 2224). The following testimony provides additional comments on the subject of time-limits for welfare participants.

Time-Limits

PWC is categorically opposed to any time-limits on welfare cash assistance. As we have stressed in previous testimony, there is no research data to support the need for a two time-limit on welfare. Individuals and families receiving assistance have different needs. What is required to assist them in transition from welfare to gainful employment is a service support system that is flexible enough to respond to the different types and lengths of assistance needed in each case. Limiting welfare to two years is destined to undermine the success and cause even more havoc in the lives of the young families involved. PWC would encourage that every consideration be given to Representative Matsui's welfare reform proposal, Family Self-Sufficiency Act, H.R. 4767, which does not contain

a two year time-limit on welfare, triples the amount of money spent on education and training, and requires a greater percentage of individuals on welfare to participate in these activities..

The federal government should not require that the two year time-limit begin with individuals born after 1971. Studies, real life experiences and common sense all indicate that the particular age group selected will require the most assistance, and for a longer period of time, in order to become gainfully employed than other members of America's welfare assisted adult population. These young mothers and fathers have the youngest children, therefore, they will require the most expensive type of day care and other supportive services. In addition, there is not a sufficient supply of infant and toddler day care available for all these children. Time limits most certainly should not even be considered until serious steps are taken to increase the supply and quality of available infant and toddler day care nation-wide.

The time-limit requirement should also not include penalities for states that exceed a set 5% cap on granting exemptions and deferrals. States must be able to grant necessary exemptions and deferrals for any and every individual who qualifies. It will not be productive to have individuals participating in programs which are not appropriate for them. To force placements due to obituary cap limits again will undermine the success of participants and result in a willful waste in urgently resources.

Most irresponsible, however, is to institute time-limits on welfare assistance before passage of any universal health care legislation. Such action by the Administration and Congress does not indicate rational, responsible, or responsive planning. No welfare reform can be even be effectively planned or implemented without first having health care reform in place.

In closing, we want to emphasize that these views held by PWC membership are also, publicly and privately, held by key members of the Administration and Congress who have been called upon to draft and/or sponsor welfare reform legislation. On the behalf of the 15 million of Americans who are struggling to survive on assistance from a shamefully inadequate and inhumane welfare system, we of PWC employ all who are members of government (federal, state, county and city) to, for once during an election year, let government policies and programs be determined by what is best for the American people and not just for the politicians.

TESTIMONY ON "WELFARE REFORM" FOR THE WAYS & MEANS COMMITTEE HEARING- August 9, 1994

Heather Reynoso
28 Victoria Rd.
Sudbury, MA 01776

My name is Heather. I am a welfare mother and I have been working on these related issues for a couple years.

I grew up in a white, two parent household in an upper-middle class neighborhood. When I was 12 yrs old, I started babysitting. When I turned 16, I held part-time after school jobs and summer jobs. I have never had any problems with alcohol, drug or the police. I graduated from high school in 1983 with high grades and with honors. When I was 18 years old, I entered college: a responsible, intelligent, talented young woman with aspirations hopes and dreams for the future. After only six months of college, I dropped out of school. I needed to move out on my own and could not afford to do both. I went back to work full time as a waitress where I met the man I married at 20. I continued to work until our first child was born a year later. I became a full-time stay-at- home mom. My husband worked different jobs here and there but never had a steady job. He was not the responsible man I thought I had married. We had two other children, but our relationship deteriorated rapidly and in 1991 I was forced to flee this angry abusive man with only my three children (then ages 6mth, 2 years and 4 years) and the clothes on my back. I moved back home to my parents' house and applied for welfare. That was 4 yrs ago. I am still living at"home" and I am still on welfare. My life has been a real struggle as a single parent. The emotional and physical needs of 3 young children have been overwhelming. They consume every ounce of my energy every day.

But I know I have been able to provide for my children something that they could not get from any other source- unconditional love and nurturing which is critical in early development for all children. On a financial level, living has been very difficult. I am fortunate to be in a "safe" housing situation (with a washing machine, etc.). I know my parents won't throw me out on the street, and my rent is very reasonable unlike many women who are on welfare. Because of this, I am able to own a car which is absolutely essential– I do not know how others make it to their appointments at all. Between rent and car expenses my montly grant is mostly used up. I live very simply. I shop for clothes at Salvation Army, rummage sales and garage sales. Some of my friends donate used clothing to my family. I clip coupons and always buy food on sale and in bulk. Our family entertainment consists of trips to the public library and the town playground but mostly playing in the yard or riding bikes. I have been known to " recycle" many items from the curb on trash day. I have learned to be very resourceful on such a limited budget.

On an emotional level living has been very difficult. My children have only one source for their support- me. They do not have the luxury of two parents to lean on. I am on call 24 hours a day, 7 days a week. I have attended counseling for myself and with my family. I attend Al -Anon adult child 12 step meetings. I have been involved with the court system for the past 3 & 1/2 years trying to obtain a divorce and protect myself with restraining orders from my very angry abusive husband. The legal system has depleted much of my energy and gas and has been very emotionally taxing. It would have been impossible to sort this all out in two years or less- I am one of the 61% of women who are on welfare leaving from a battering situation who will never get a chance ot put their and their children's lives back together unless they are given enough time. It takes years to recover from the traumatic effects of an abusive relationship. I talk with other parents and friends and I struggle to do what is best for myself and my children. He has also never paid chid support and I suspect will never pay because he has never had a steady job.

After 4 hard years of parenting I am now ready to do something else for myself. I have applied and been accepted to college as a full time student. My two children will be in 1st and 3 grades. My youngest is emotionally ready for pre-school and will be on campus with me. This will be an exciting and challenging fall for us. In three years, I hope to graduate with a teaching degree. I want to fufill my dreams of 11 years ago, complete college and get a job. I want a better life for my family. I want to make a positive difference in the world. I have a lot to give and know I will make this world a better place if I am given the chance. In order for me to get off welfare and go forward with my life in the future I need the continued help of welfare right now. I am afraid how the curent "welfare reform" will affect me. I don't know how I will survive with a cut in my check. I don't know how I will provide clothes for my family without the clothing grant. I don't know how I will be able to attend school if I am required to work. I don't know how I will ever get off welfare if I don't get a college degree. I want to crawl out of the trap I have been living and struggling in and support myself and my family. I didn't plan to be in this position--and I want to work my way out of it.

I urge you to think in a compassionate way about the women and children in my position. We are not takers, we are givers. We are not lazy, we are workers. We are not vitims, we are survivors. And we are human; we make mistakes we have to learn from. And we need help once in a while. Give us a chance. Give us the support and the time, we need to work through our tremendous obstacles and comt out on the winning side. Our children, our society and our lanet will benefit when all men, women and children are assited in reaching their true potential.

I could not have done such a good job raising my children without the welfare system. I am grateful for everything I have received and think I have put it all to good use. I hope I can depend on the system for the next three years whil I strive to do my best as a student, as a mother and as a human. I hope the other single parents that end up in my position will have the same assistance I have had. I hope the system can be made even better through positive reform.

TESTIMONY ON "WELFARE REFORM" FOR THE WAYS & MEANS COMMITTEE HEARING- August 9, 1994

Lisa Sanderson
46 Pratt St.
Framingham, MA 01701

My name is Lisa; I am a twenty-six year old mother of one. I have been speaking and lobbying on welfare issues around Mass. and am on welfare myself.

I am a survivor of many different abuses in my childhood and will always strive to survive what life deals me. I grew up in a country town in Mass. called Concord, my parents moved into town when I was three. I am the oldest of three girls. My mom had me when she was one day older than 19 years; my dad was also young (19). My parents were high school sweet hearts and were married a little over a year when I was born. My parents were married 21 1/2 years before my mother decided that the physical abuse, mental abuse, veball abuse, and sexual abuse was not worth all of us suffering being a two parent family was not it's cracked up to be. My childhood seemed normal until I was around 12 years old when I realized that my dad was physically abusive to all of us women in our home. As I got older and realized how much hate, anger, sadness, hurt, betrayal my dad caused inside me, I finally became a survivor rather than his or anybody's victim after what I went through between ages 12- 18.

My mom worked full-time in 1976 (I was 9 years old) 3rd shift at Millipore for 9 months before the company moved. She put two of us on the bus and the neighbor watched my youngest sister until the school day was over. When I was 10 years old she worked part-time 9 am.-.12 pm. from 1978-1982 at the Concord Scout house. 1982- 1983 temp. work at Genrad where she was hired in 1983 till the present time. My dad worked- days at Polaroid in Cambridge Mass. while he attended night school at what was Lowell Tech. 1975 had back surgery and was out of work for nine months. 1981 he had a mental break down and missed a number of months. 1970-1983 he worked at Polaroid full-time . Dad got fired the week of Thanksgiving after being out for 9-10 months in 1983 with another mental break down. He then didn't work for about a year and 1/2 or so before 3 or 4 different jobs until my uncle opened up his real-estate office.

I was diagnosed with learning disabilities when I was in first grade. This is the first time I really remember being treated by professionals and society as a second class citizen. The teachers in the Concord school system were talking bogus untrue misconceptions about my learning abilities. From that day on, I've been fighting for my rights to be treated as a equal citizen in my schools, jobs, towns, states, country. I represent myself and many other mothers and disabled people living in this country. I graduated from minuteman technical high school (in Lexington Mass.) with a Culinary Arts degree in 1986. The day after I graduated I started a full-time job at Crosby Star Super Market in Concord Mass. as a baker for $ 4.25 per an hour. When I left that job in 1993 I was earning $ 8.25 per an hour and was performing several different jobs there such as: head cashier, cashier trainer, closing manager, shift manager, I also knew and worked in every department except meat room and bookkeeping. My last employer was Walter Fernald state school in Belmont Mass. I was a Mental retardation worker 1 direct care for adults severely physically and mentally retarded. I was paid $8.25 per hour and benefits; this job required unscheduled mandatory over time on a regular basis.

Child care is expensive and it is hard to find a person able by a phone call to watch my baby another 8 hour shift. I am still troubled by these unfair stumbling blocks for to me able to continue the work I loved. I always gave my best to the job but most important to the people I came to love and respect as very special unique people (the clients). When my mom gave me a ride to meet with the human resource worker, he said that if I plan on coming back to work there if I call in sick one day because of my child than I would be fired; this is illegal but I know it happens a lot. My daughter was a very ill child for the entire first year of her life including double ear infections and the reflex condition she was born with. Raising my child is the hardest work I have ever done- and it is work, believe me- 24 hours, 7 days a week, 365 days a year.

My work history starts at the age of 14 at two different part-time jobs one right after another starting at 3:00pm. - 6:30 PM. and job 2 at 7:00 PM.- 12:30 am. four to five days a week after school plus the weekend hours I pulled. This money was used to help out my parents survive and hold onto our home etc. I paid rent every week $65.00 plus what ever was needed that week. I know all about hard working jobs and taking responsibility for my own well being and my family; my daughter's father however, grew up in a rich family and was so involved with his drug and alcohol use that he ran away

from his responsibilities with help from his family. Since my daughter, Amanda was born 11/15/92, my life has changed a lot. I kicked Amanda's father out of the apartment we lived in together for four years. He expected me to allow the drug use and alcohol to continue as well as allowing him to use my 1977 cadalic with 149,000 miles and the apartment for drug dealing so we could afford our baby. I told him that our child would not grow up with any kind of abuse-- chemical, physical, mental, or sexual-- as I grew up with. So he would have to clean himself off the drugs or he could live on his own and visit his daughter.

Amanda and I have moved three times so far because rent and utilities are too much money. Last August was the last time Amanda's father visited her for the usual fifteen minute visit she received at his conveniance without notice or warning. The Gardner family treated me as extended family for the four years including holidays and vacations until they heard about the soon-to-be-born grand daughter (Amanda). Joan Gardner (Tad's mother) and the entire family has very easily and neatly helped Tad escape being held responsible for the daughter he is equally responsible for bringing onto this earth. I was on the trevlon 28 birth control pills when I got pregnant with Amanda. Amanda was my second baby conceived while I was taken two different prescriptions of birth control; the first baby was also Tad's. I was coersed by my dad and Tad to abort my first baby. They said that I couldn't raise my child alone without ending up in a gutter to sleep and my child taken away by Dept. of Soc.Services. My daughter Amanda is safe, feed, warm, and loved by me and my whole family. Welfare is a temporary situation for me and my daughter, Amanda. If I had had my first child, I would not have even known about the second child soon enough to abort it even if I had wanted to. If the fmaily cap had been in place, I would have ended up with one check for two children through NO FAULT OF MY OWN. Please oppose such legislation as the family cap which ignores different circumstances and has been passed in some state without any research into why some few women have more chtlidren on welfare Most of us do not!

I hope to go back to work by Christmas; my sister is opening a childcare in her home very soon and will take Amanda as one of her charges. If I could find safe and affordable housing and a car, then working would be possible again.

In the mean time, we reside at the Women's Alliance's transitional house in Framingham Mass. I rent a room ($ 67.00 a week) and share: the kitchen, refrigerator, two bathrooms and the laundry machines with nine other people. I actively volunteer in the Women's Alliance office which is on the first floor of the house. I continually work extensively with the Mass. Dept. of Revenue to track down Tad as well as some lawyers and a few of my states Representatives. His family told the constable that the Gardners had moved and the Sawyers moved in. The Sawyer name is Joan Gardner's husband's name, Tad's stepfather, and owns the house Tad lived in before our apartment and after it. For some strange reason the 1990's are the years for this society to punish the poorest families of this state and country. I have tried to help DOR find the father in any way possible- so have most of us and it is the state's responsibility and they are failing at it.

All we the people want and deserve are the following items: affordable housing, affordable childcare, respect as a single parent run household or as a working poor family with there struggles. Mothering is a full-time job-- if it wasn't such a responibility , then there would be no dead beat dads; if you got the fathers, lot sof us would actually be living on a government loan like many students do when they go to College. I will continue to attend my counselling, A.C.O.A., suicide survivor, rape survivior, and when it comes to mental health no one has a right to put a two year limit on anyone. All our kids want is to be : warm, feed, clothed, accepted, loved, and giving a fighting chance to survive this society.

TESTIMONY OF WILLIAM BECHILL
SAVE OUR SECURITY COALITION

Mr. Chairman and Members of the Subcommittee:

The Save Our Security Coalition (SOS) appreciates this opportunity to comment on the various provisions of President Clinton's welfare reform proposal, H.R. 4605, the Work and Responsibility Act of 1994.

Last January, Arthur S. Flemming, Chair of SOS, appointed a task force on welfare reform and named me as its chair. This action was taken in response to the concerns of member organizations in SOS who are interested in improved economic security for families and children living in poverty or near poverty.

The Task Force analyzed the provisions of the major welfare reform bills submitted in the Congress. These included the Republican proposal, H.R. 3500; the Mainstream Forum proposal; H.R. 4414, the bill introduced by Representatives Matsui and Miller; H.R. 4767; H.R. 4051, a child support and enforcement bill introduced by Representative Woolsey; and the President's proposal, H.R. 4605. Our comments on H.R. 4605 are based on the positions adopted by the SOS Task Force on June 28, 1994. A copy of these positions is attached to this statement.

General Comments on H.R. 4605

Overall, the President is to be commended for setting forth a comprehensive welfare proposal. The proposal attempts to tackle some of the most serious problems affecting the current administration of the AFDC program. It also seeks to expand the existing child care available for AFDC and other low income families. Significantly, it would expand and improve the Earned Income Tax Credit program (EITC) and, as a result, move many low income families out of poverty. H.R. 4605 also contains many constructive provisions that, if enacted, would strengthen and improve child support enforcement efforts throughout the nation. The bill also includes provisions aimed at helping teenage parents learn basic parenting skills and to encourage community-based and innovative efforts to prevent teen pregnancies. And, most importantly, it calls for a major expansion of the JOBS program authorized under the 1988 Family Support Act, one that would involve a conversion of the existing Federal-state public welfare system into one that emphasizes helping families achieve greater economic self-suffiency for themselves and their children.

SOS is in agreement with the broad goals of the President's bill. But we have reservations about some of the specific provisions of the proposal. In some instances, we strongly disagree with some of the recommendations. Moreover, we find it disturbing that the needs of the 9.2 million children who currently receive AFDC do not receive much attention in H.R. 4605 or, for that matter, in most of the other welfare reform bills.

Perhaps this should come as no surprise. For some time now, AFDC has not been a child-oriented program. Instead it has often been a program that becomes a scapegoat for those who believe that AFDC, as it currently operates, is the major cause of illegitimacy and family breakdown in American society.

SPECIFIC AREAS OF CONCERN

There are several provisions of the bill that we believe should be modified. These include the lifetime 24 month time limit on cash assistance to eligible AFDC families; permitting the States to impose so-called "family caps", the exclusion of aid to children born to mothers receiving AFDC; the omission of any recommendations to set a basic federal floor of income support for AFDC families as part of comprehensive welfare reform; and the proposed financing of the program through reductions in assistance now provided to legal immigrants under the Supplemental Security Income, Medicaid, and other means-tested programs and to families and children under the AFDC Emergency Assistance Program. In addition, we question the wisdom of targeting the proposed transitional assistance and work program to those parents under age 23. We realize this is a judgement call, but we would prefer to see a broader approach to the JOBS program that would be available without this age restriction; i.e. those recommended in the Matsui bill and the Mainstream Forum proposal.

Our comments on these specific concerns are as follows:

- Lifetime 24 Month Time Limit on Cash Assistance

We believe that the Congress should reject adopting the proposal's call for a lifetime 24 month time limit on cash assistance. We have reservations about the wisdom of any time limits, but if they are to be incorporated, they should be flexible, giving the States the option to extend the cash assistance period beyond two years. Even one of the prime architects of the Administration's proposal, Assistant Secretary David Ellwood, has recognized in his own scholarship on this subject the need for such flexibility. Because of the great diversity in education and work experience on the part of individuals who receive AFDC, flexible time limits would make proposed new transitional assistance more responsive to the varied circumstances of AFDC families.

- Lack of a Basic Federal Income Floor for AFDC Families

The President is to be commended for his recommendations calling for improvements in the Earned Income Tax Credit program that will likely help many low income families to achieve incomes above the poverty line. However, SOS is disappointed that there are no

provisions in the President's bill, or other welfare reform biils for that matter, that would provide for an adequate Federal income floor for AFDC families and other low income families below the poverty line. The low levels of AFDC payments in most states are well known. A comprehensive welfare reform bill would attempt to improve the situation and call for Federal and State funding that would ensure a basic monthly AFDC benefit that would provide adequate financial assistance for a family's basic food and housing needs.

- "Family Caps" or Child Exclusion Policy

H.R. 4605 includes a child exclusion provision. This so-called "family cap" would permit States to exclude from cash assistance any child born after a parent begins to receive AFDC. SOS is strongly opposed to any such provision being a part of welfare reform. The Child Welfare League of America (CWLA) has suggested a more enlightened policy. CWLA has called for, and SOS concurs with, increased efforts to prevent unwanted pregnancies by unmarried teenagers through provisions such as those contained in the President's proposal to make fathers more legally and financially responsible for their children's support. But SOS believes we should not adopt a policy that denies financial aid to an infant.

- Financing of the Program

Admittedly, the financing of a major welfare reform program is a very difficult task. The $9.3 billion proposed to cover the estimated cost of H.R. 4605 over five years is a significant amount. However, SOS believes that it is bad public policy to finance welfare reform, largely or in part, by reducing benefits to other needy poor persons.

For example, H.R. 4605 calls for the capping of the AFDC Emergency Assistance Program with an estimated savings of $1.6 billion over five years. This program has proven to be very effective in helping families in economic crises to get enough temporary aid to forestall evictions, prevent turnoffs of utilities, and to prevent family breakups.

H.R. 4605 would also be financed by a reduction of $150 million by means-testing the existing Child and Adult Care Food Program. This excellent program provides funds for meals to children from low and moderate income families. The meals are provided in family day care homes and child care centers. The introduction of a means-test approach will create administrative complexities in a program that now appears to be working very well.

An even greater reduction in benefits to needy persons is the provision which calls for a $3.7 billion reduction in SSI, AFDC, and Food Stamps benefits for legal immigrants. This would be accomplished by an extension of the "deeming period" to five years

and by also establishing a means test for sponsors with income over $40,000. We strongly object to such proposed changes. If enacted, they will create great hardships for thousands of needy legal immigrants and their sponsors and are likely to shift much of the cost for their support to state and local governments. Moreover, the reductions in SSI and AFDC eligibility will have a negative impact on the legal immigrants' ability to receive Medicaid.

SOS believes that the Congress should consider other alternatives to the financing of welfare reform than those recommended in H.R. 4605. The area of tax expenditure entitlements that currently benefit wealthy individuals and businesses might be one source to examine.

CONCLUSION

There are many parts of H.R. 4605 that SOS can and does support, namely those dealing with increased financial support for child care, the provisions relative to improved child support enforcement, additional funding and major expansion of the JOBS program, expansion of the Earned Income Tax Credit program, and the efforts proposed to deal with the serious problems of teen pregnancies and out-of-wedlock births.

We believe, however, that the proposal would be more constructive if it did not include any "family cap" provisions and if it were financed differently. In many respects, it is a fundamental contradiction to finance welfare reform largely as the result of cutting benefits now available to other needy and poor persons.

We also believe the proposal would be improved by deletion of the fixed lifetime limit of 24 months of cash assistance and the insertion of more flexible time limits. We object to "lifetime" language that would deny any reapplication for cash assistance on the part of former recipients in future years.

SOS • Save Our Security
Coalition to Protect Social Security
1331 F St. NW
Washington, DC 20004

ARTHUR S. FLEMMING
Former Secretary of Health, Education & Welfare
Chair
WILLIAM D. BECHILL
Former Commissioner on Aging
Executive Vice Chair
LAWRENCE T. SMEDLEY
National Council of Senior Citizens
Treasurer
BOARD OF DIRECTORS
ROBERT M. BALL
Former Commissioner of Social Security
OWEN BIEBER
United Auto Workers
HORACE DEETS
American Association of Retired Persons
DEBRA S. DELEE
National Education Association
EVELYN DUBROW
International Ladies Garment Workers Union
TIM FOLEY
United Auto Workers - Retirees
MARTHA E. FORD
The Arc (Formerly the Assoc. of Retarded Citizens)
JOHN GAGE
American Federation of Government Employees
LOU GLASSE
Older Women's League
MELVIN A. GLASSER
Health Security Action Council
EUGENE GLOVER
National Council of Senior Citizens
KAREN IGNAGNI
AFL-CIO
GERALD McENTEE
American Federation of State, County and Municipal Employees
RONALD F. POLLACK
Families USA
BERT SEIDMAN
Jewish Labor Committee
National Consumers League
AL SHANKER
American Federation of Teachers
SAMUEL J. SIMMONS
National Caucus and Center for the Black Aged
LINDA TARR-WHELAN
Center for Policy Alternatives
EILEEN SWEENEY
JOHN J. SWEENEY
Service Employees International Union
DANIEL J. THURSZ
National Council on the Aging
ELIZABETH WICKENDEN
SENIOR ADVISORS
JOHN J. CORSON
Former Director, Bureau of Old Age and Survivors Insurance
CHARLES SCHOTTLAND
Former Commissioner of Social Security
ESTHER PETERSON
Former Consumer Advisor to the President
CHARLES VANIK
Former Member, House Committee on Ways & Means
RALPH D. VARBOROUGH

ROBERTA FEINSTEIN NAVEL
Executive Director

7-11-94

STATEMENT OF SOS COALITION ON WELFARE REFORM

The Save Our Security Coalition (SOS) has a strong interest in all of the various social insurance, public assistance, and social services provisions of the Social Security Act, including those pertaining to families and children. SOS has a strong interest in, and supports a restructuring of, the nation's public welfare system.

We particularly support welfare reform proposals that will:

- reduce and alleviate poverty among poor and near-poor families

- emphasize the importance of work and the development of suitable employment opportunities in the private or public sector for families currently receiving AFDC or likely to become dependent on the AFDC program.

- give major attention to the needs of children in AFDC and working poor families so that child care and other services required by children are provided in sufficient quantity and in a nurturing and supportive environment.

- strengthen existing child support enforcement efforts and related efforts to encourage greater parental responsibility.

- change the existing Federal-State system of public welfare into one that emphasizes the goal of self-sufficiency.

- coordinate the administration of such basic income support programs as AFDC, food stamps, and related income eligibility-based health and social service programs.

- give priority attention to the needs of teenage parents, including services to assist them in parenting skills, in family planning and prevention of future pregnancies while receiving aid, and individualized services to help them prepare for a career, including assistance in receiving additional formal education and/or vocational training and placement.

We believe that the above objectives of welfare reform can best be achieved by the following policies:

- The federal government, as part of a comprehensive welfare reform effort, should set forth a basic minimum level of income support for AFDC families and other low-income families living below the official U.S. poverty line.

- The Earned Income Tax Credit program (EITC) should be improved and expanded as a major method for increasing and supplementing the earned incomes of poor and near poor families. There should be a major outreach effort conducted by the Internal Revenue Service in cooperation with state and local public agencies to better inform the general public about the EITC program. Especially in areas where there is a high incidence of poor and near-poor families. In addition, EITC payments should be made in regular amounts throughout the year as a means of encouraging work incentives and assuring reliable income support throughout the year.

- There should be a major expansion of the 1988 Family Support Act JOBS Program that requires increased emphasis on job development, job placement, and follow-up services that enable the states to develop public sector jobs for those AFDC parents unable to find private sector employment. Any employment to which welfare recipients are assigned should not displace current workers, should provide wages and benefits not inferior to those of other employees doing the same work and should pay wages not less than the federal or state minimum wage, whichever is applicable. The federal matching percentage for the JOBS program should be increased by at least five percentage points over its present level.

- At the time of application or reapplication for AFDC, a contract setting forth the joint responsibility of the applicant or reapplicant and the state public welfare agency for achieving a higher degree of self-sufficiency on the part of the AFDC parent(s) should be developed. Because of the great diversity in education and work experience and skills on the part of individuals who receive AFDC, time limits on the transition from welfare to work should be flexible. For those AFDC parents unable to move into private sector employment, time limits should not apply as long as the AFDC parent continues to willingly participate in public sector or community service employment.

- The quantity and quality of child care services for both AFDC families and other low income families should be increased through an expansion of existing programs for both groups, including improved federal matching for both AFDC child care programs and the current "at-risk" program for families not receiving AFDC operated by the individual states.

- States should be required to provide supportive services to AFDC families with preschool children, including services to help such families receive needed health care and day care services for their families.

- Child support enforcement efforts by the states, including efforts to improve existing interstate child support enforcement agreements, increased federal support of state child support enforcement programs, and the requirement that paternity be established as early as possible after birth in the case of an application or reapplication for AFDC by a single unmarried parent. Other efforts to establish paternity for older children should also be encouraged.

- The overall mission of the existing federal-state welfare system should be changed to emphasize the goal of self-sufficiency for families receiving, and applying for, AFDC. Public welfare staffs should be adequately equipped with case management skills to work with families in the development and provision of services that would result in greater self-sufficiency by all AFDC families.

- The federal government, in cooperation with the states, should develop a coordinated administrative system of financial eligibility for the AFDC and food stamps programs.

- Special attention should be given the situation of teenage parents in the AFDC program, including services to assist them in parenting skills, in prevention of future pregnancies, and in helping them to complete their education and prepare for, and find, employment. States should not have the option to deny AFDC benefits to a child conceived by parent(s) receiving AFDC. Parental or other adult support for minor parents applying for, and receiving, AFDC should be encouraged through policies that encourage the use of adult mentors and living in a household with a responsible adult. Minor parents, however, should not be required to return to an abusive home as a condition of eligibility for AFDC or other types of governmental assistance.

- Financing of overall welfare reform should not be at the expense of other governmental programs which currently service AFDC, SSI, low income, and legal immigrant populations, and other needy groups including persons receiving disability insurance (DI) or supplemental security income (SSI) on the basis of alcoholism and/or drug addiction.

TESTIMONY OF THE SERVICE EMPLOYEES INTERNATIONAL UNION, AFL-CIO

The Service Employees International Union (SEIU) represents over one million members in the predominantly low-wage service sector. Although our membership is comprised of working men and women, the issues surrounding welfare reform are of major significance to us. We would like to thank chairman Ford and the other members of the subcommittee for the opportunity to express our concerns with H.R. 4605, the Work and Responsibility Act of 1994.

As a union divided roughly equally between public and private sector workers, SEIU brings a unique perspective to the debate over welfare reform. Our members have witnessed the crisis in the welfare system from both sides -- from the vantage point of the public employees who administer the welfare rolls, as well as the thousands of low-skilled workers employed at the margins who themselves are on the brink of welfare receipt.

SEIU strongly supports efforts to bring genuine reform to our current welfare system. We believe that the key to ending welfare dependency is the expansion of opportunity for Americans of all abilities and skills levels. Meaningful welfare reform will only be achieved as part of a comprehensive effort to improve education and training opportunities, guarantee access to health care, expand child care, and create jobs that pay a living wage.

The primary ingredient for ending welfare dependency is an abundance of jobs, in both the public and private sectors, that pay sufficient wages and benefits to support a family. Accordingly, we need to approach welfare reform in the context of a full employment policy designed to create ample job opportunities for workers at all education and skill levels. People need jobs in order to attain, and maintain, self-sufficiency.

If we place greater emphasis on private sector job creation, as well as on pursuing public policies that promote full employment, it will be unnecessary to funnel welfare clients into a large-scale workfare program. Subsidized community service jobs should only be viewed as a last resort.

SEIU also strongly believes that universal access to health care coverage is a crucial component of welfare reform. Real welfare reform cannot be achieved without real health care reform. For this reason, SEIU supports delaying any action on welfare reform until Congress enacts a comprehensive health reform plan that will guarantee health coverage to all Americans.

As with health care, the lack of reasonably priced, quality child care is a major barrier to employment. Since most welfare clients are mothers of young children, we cannot expect them to take jobs outside the home without guaranteeing them access to affordable, quality child care.

It is our conviction that job creation, health care reform, quality child care, and jobs that pay living wages will serve as the cornerstones for welfare reform. After these elements are in place, we can proceed with the task of transforming the welfare system into one of opportunity instead of dependency.

The Work and Responsibility Act of 1994

SEIU commends the Clinton administration for taking on the task of reforming the nation's welfare system. With its emphasis on education and job training, the Work and Responsibility Act of 1994, H.R. 4605, holds considerable promise for bringing hope and opportunity to disadvantaged Americans. At the same time, however, SEIU has some serious concerns with a number of the key components of the legislation. The following is a brief overview of what SEIU considers to be both the pros and cons of the Work and Responsibility Act.

Time Limits

While the two-year time limit may seek to send the message that welfare should not become a way of life for people, this rigid time limit also fails to acknowledge that each family has a unique set of circumstances that will have an impact on the time it will take to achieve self-sufficiency. It doesn't make sense to put all families on an arbitrary two year time limit for AFDC receipt. Some families will require less time, others will need more.

Rather than establishing a set cut-off point of two years, it would make more sense to allow each individual welfare client to develop her own time-line. Welfare clients are all unique individuals, and should not be treated as a homogenous group. Accordingly, they should be granted the flexibility to set their own pace for moving off welfare and into a self-supporting job.

Of the bills pending before the subcommittee, H.R. 4767, sponsored by Representative Matsui (D-FL), offers the best, and most straightforward approach to emphasizing work and responsibility while also providing the resources and flexibility to allow states and local welfare offices to meet the individual needs of welfare recipients and preserving an economic safety net for children and their families. It emphasizes work without imposing a rigid two-year time limit.

In other respects, the Matsui bill has a number of similarities to the administration's bill, many elements of which we also strongly support. It builds on the solid framework of the Family Support Act, has a very tough work requirement, creates a state option to set up real jobs with effective anti-displacement protections, recognizes the crucial importance of enhanced federal funding to allow states to take full advantage of federal matching funds, expands child care for welfare recipients and the working poor, and includes tough new child support enforcement procedures.

Personal Responsibility Plan and Employability Plan

Both the Personal Responsibility Plan and the Employability Plan stress the joint responsibility of the welfare client in making a concerted effort to achieve self-sufficiency, and the state for providing the needed resources to achieve that objective. Welfare clients should be encouraged to strive for their goals, but states also have to live up to their end of the bargain by providing the needed child care, job training, and educational services to enable these individuals to become job-ready. Consequently, we strongly agree with the legislative provisions that welfare clients may not be cut off from the rolls if the state fails to provide the agreed-upon services.

Case Managers

Case managers will be expected to take on a very important role under the welfare reform plan, particularly since every recipient who is a custodial parent under the age of 20 must be assigned a case manager. To help these case managers carry out their added responsibilities, the legislation provides for appropriate training and reduced case loads.

SEIU strongly endorses improved training opportunities for all welfare workers, particularly those performing the delicate task of case management. The case managers will serve as the primary contact person for the welfare clients and it is vital that these workers be adequately prepared to carry out their jobs effectively.

But even the best trained case managers won't be able to perform their jobs competently if their case loads are too high. SEIU Local 509 members employed as case managers in Chelsea, Massachusetts, for example, reported that case loads increased from 95 to 150 families per case manager over the past four years. Burdened with such an excessive case load, one case manager cannot devote enough time and attention to meeting every client's needs. SEIU has long advocated setting case load ceilings, and the commitment in the legislation to ensuring reduced case loads is a good first step.

Changing Disregards/Rewarding Work

SEIU endorses the proposed increases in both the work expense and earned income disregards, as well as elimination of the "100 hour rule" at state discretion. By raising the earned income disregard, welfare recipients will have a much greater incentive to enter the job market because they will be able to keep a higher percentage of their earnings. Welfare recipients could accept part-time employment, gain valuable work experience, and gradually work their way off the rolls. Under the present system, welfare recipients who work are hardly any better off financially than those who stay out of the job market. In the case of the 100 hour rule, they may be made worse off. Changing these provisions would serve to reward people's work efforts, rather than penalize them.

Administration's Targeted Population

The administration's bill focuses its efforts on those born after 1971. SEIU supports this targeted approach for several reasons. First, studies have shown that younger welfare recipients are at greater risk of long-term welfare dependency. So, by concentrating efforts on this high risk group, the legislation could have a big impact on reducing future welfare rolls.

Yet the results of recent welfare-to-work demonstration projects show the difficulty in getting young welfare recipients off the rolls within a short period of time. The experience under the "New Chance" program, for example, revealed that teen parents and those in their early twenties typically land up back on welfare despite receiving job training, education, family planning, counseling, and job placement services. The findings from this and other pilot projects make it clear that the administration must proceed cautiously in targeting this hard-core group of young recipients. Whenever possible, those wishing to volunteer for the program -- regardless of their age -- should be given priority in receiving education and training services under the reform plan.

Second, the targeting approach will keep the scale of the program to a far more manageable level. If all welfare recipients were subject to the time limit from the start, over two million welfare clients could reach the two-year cliff. States could never hope to find enough WORK program slots to accommodate all of these individuals.

Even with the phase-in, a large pool of recipients will still fall under the two-year limit. By the administration's own estimates, in the year 2000, approximately 394,000 recipients will reach the two year cut off and end up in subsidized jobs.

Displacement/Worker Protections

Given these numbers, it is essential that there be sufficient safeguards in place to guard against the displacement of regularly employed workers. Otherwise, a cycle will begin where one set of disadvantaged workers will end up displacing another.

We applaud the administration for advocating the creation of prevailing wage jobs in the private sector under the WORK program, rather than relying solely on a large-scale public service program. In particular, SEIU supports the requirement that WORK wage rates be the higher of the state or federal minimum wage, or the rate paid to other employees of that employer doing the same work and with the same tenure. An employer contribution to the salary will help ensure that the public or private employer will invest in training and supervising the individual. We believe that any employer receiving the benefit of a subsidized employee has a responsibility to contribute to that employee's income and supervision.

We also support the notion that WORK participants be provided the same benefits, rights, and working conditions as comparable employees of that employer. These provisions in the legislation will help prevent a situation where welfare clients are used as low-cost alternatives to regularly employed workers.

As a union that represents both public and private sector workers, SEIU is concerned about potential displacement effects in the private sector as well. Even well-intentioned welfare to work programs can have the effect of replacing one group of low-wage workers with another -- thus perpetuating the cycle of work and welfare dependency.

Because the legislation contains provisions to subsidize the employer's cost of employing welfare recipients, there will be the temptation for private contractors to use these subsidies as a means to underbid contractors who are performing the existing work without a subsidized workforce.

To avoid this occurrence, the administration's proposal contains a 90 day waiting period after a contract turns over before the employer can hire welfare recipients. This provision should protect service contract workers from being underbid by employers hiring welfare recipients.

Aside from these considerations, we are interested in the idea of exploring various wage subsidy or apprenticeship-type models to encourage private sector employers to hire welfare recipients.

One method for encouraging the development of subsidized work programs is to create partnerships between organized labor and the community. The Laborers' International Union of North America (LIUNA) has used such an approach in its highly successful "Step-Up" pilot program in Chicago. Under the program, LIUNA educates, trains, and employs low-income residents to rehabilitate the public housing projects in which they live.

LIUNA matches these newly hired workers with mentors who share their skills, knowledge and experience on the job. The mentors help new employees adjust to their new positions by providing them needed guidance, support, and information. These kinds of labor-community partnerships foster a win-win situation -- instead of pitting union workers against welfare recipients.

Both the Matsui bill and the administration's bill also establish crucial anti-displacement protections with strong, impartial and expeditious enforcement procedures which include binding arbitration. The grievance and arbitration provisions are essential for limiting displacement. Contrary to assertions made by the National Governor's Association, these protections were designed to avoid -- rather than compound -- complex, overly burdensome administrative procedures such as those under the former Comprehensive Employment and Training Act (CETA).

To further guard against displacement, the legislation states that labor unions must be provided written notification of a WORK assignment that is of the same or similar work to that being performed by union members 30 days prior to the start of the initial assignment. SEIU would prefer, however, that unions be granted consultation and concurrence in the approval of all WORK assignments -- fashioned after the National and Community Service Trust Act of 1994 -- as contained in the Matsui bill.

WORK Assignments

The legislation enables private firms to conduct the job placement function for welfare clients. To maintain fiscal integrity and accountability, we believe that this function should remain within the public sector.

In developing WORK assignments, it is important that employers not take advantage of welfare recipients to fill regular job slots with "cheap labor." To avoid this occurrence, the WORK program should emphasis short-term, transitional employment. As a result, we support the provisions that WORK assignments may be no more than 12 months in duration, and that a participant may not be reassigned to the same position for a second 12 month assignment.

To further guard against employer abuse of the program, SEIU also supports keeping records of the extent to which employers retain WORK participants in unsubsidized jobs once the WORK assignment is completed. These records will help spot employers who continuously churn through workers once the WORK subsidy ends -- and make no effort to create permanent, unsubsidized positions.

A strong labor presence on the WORK advisory boards should also help maintain the integrity of the WORK program. Organized labor can provide much-needed guidance to the agency administering the WORK program in areas such as identifying potential WORK positions, targeting opportunities for moving into unsubsidized employment, and developing methods to ensure compliance with the nondisplacement provisions.

Child Care

Child care is an essential component of a successful welfare-to-work program. Welfare parents will not be able to return to work or receive training if they don't have help with securing quality child care.

With child care costs approaching $4,000 to $5,000 per year, per child -- about half of a woman's gross earnings from a full-time, minimum wage job -- the need for subsidies is clear. There must also be consistent funding streams available for child care to enable a mother to maintain a commitment to her job. A woman forced to rely on unstructured or unreliable child care will likely end up missing work days when these haphazard arrangements break down.

According to GAO, less that 30 percent of JOBS participants received child care assistance from any funding source in 1992. These numbers would have to grow appreciably in order for more welfare mothers to get on the path to self-sufficiency.

Currently, there are four federal child care programs on the books -- each of which was designed with a different objective. These separate programs divide the low-income population into categories that fail to recognize the similarity of their economic circumstances and child care needs. Instead of this disjointed approach, states should focus on coordinating their efforts to better serve this clientele. In addition, states should spend a portion of their funding on improving facilities and staff, ensuring that families receive appropriate counseling, providing information about child care options, and safeguarding the availability of safe and nurturing child care.

Child Support Enforcement

SEIU commends the administration for addressing the issue of child support enforcement. These reforms stress the fact that both parents must take financial responsibility for raising the children that they bring into the world. The legislation's emphasis on improved paternity determinations and stronger enforcement of child support payments will force absent parents to contribute to their children's economic well-being. For those unable to meet their financial obligations due to unemployed, the proposal enables them to receive education and training services to help them become employable as well.

State Flexibility

The legislation gives states a great deal of discretion in developing the details of the welfare reform plan. In certain instances, the added flexibility will enable states to make improvements beyond the provisions of the law, including establishing more generous earned income and child support disregards and eliminating provisions that serve to discourage work in two-parent families.

On the other hand, SEIU believes that enabling states to exercise flexibility in certain areas will produce very harmful consequences. The most damaging of these is the provision allowing states to limit benefits for those who have children while on welfare. Innocent

children will end up suffering from states' misguided attempts to change individual behavior.

States also have the flexibility to designate a state agency other than the current welfare agency to administer the JOBS and WORK programs -- as long as the JOBS and WORK programs are administered by the same state entity. In some instances, it may make more sense to have the state job service or employment office carry out this function.

It is imperative, however, that these functions continue to be performed by public entities. The law should clearly state that contracting out the JOBS/WORK function to private agencies is strictly prohibited. These are highly sensitive, confidential operations that should be kept within the public domain -- rather than let out to private organizations driven by a profit motive.

SEIU is supportive of integrating the JOBS and WORK programs into the state's one-stop career center system. Welfare recipients should be treated like any other job seekers by having employment and training services available to them in these one-stop centers.

Financing Issues

In recent years, fiscally strapped states have had trouble coming up with their share of the matching requirement under the JOBS program. As a result, much of the federal money hasn't been drawn down. To avoid a repeat occurrence, SEIU endorses the enhanced federal match rate, as well as the overall increase in federal funding that the legislation provides. Another positive aspect of the legislation is that it enables states to put up a lower matching rate during periods of high unemployment -- at a time when state resources are most constrained and welfare case loads are most likely to be on the rise.

Done right, welfare reform will be a very expensive proposition. It is important for the administration to establish a reliable funding stream to pay for all of the added services that the legislation offers. The success of the program will largely hinge on whether there are sufficient resources invested in the effort. At the same time, we must guard against efforts to cut funding for one set of social programs in order to pay for another. The financing for welfare reform should not have the effect of making a certain class or group of individuals worse off in the process.

Although there are certain areas of the legislation that SEIU would like to see amended, on balance, we believe that the Work and Responsibility Act holds some promise for improving the lives of those on welfare. SEIU looks forward to working with the subcommittee in helping to shape a welfare reform plan that will truly bring opportunity and economic independence to disadvantaged Americans.

8/8/94

Testimony concerning National Welfare "Reform":

From: Sharron Lee Tetrault
57 Pratt Street #1
Framingham, MA 01701

I was a twenty-one year old freshman in college when I got pregnant (to spite my precautions). My boyfriend was a "townie" in the city where I attended school who had been out on his own for over a decade (he was the same age as I). As strongly as I felt that I could not abort this child, I knew that this young man would not provide stability or a loving enough home in which to raise a child. I returned to the home of my mother and step-father. Even though I knew that this was a temporary situation I knew that at least there was stability and a whole lot of love for my child coming into the world.

I worked in a cafeteria until my eighth month. On January 2, 1986 at 12:18 I gave birth to a healthy 8 lb. baby boy whom I named David Joseph. With no income I was forced to apply for AFDC to support David and I. When he was two years old I went back to work and put David in daycare. My AFDC grant went down and with the co-payments I had to make for David's care there was no way to stay ahead. The beat-up vehicle I drove (AFDC recipients are only allowed to drive cars worth no more than $1000, which means that they break down a lot) was nearing its demise and I realized that I had to do something or I and my son would be stuck in a "go-nowhere" rut.

I realized the only real way that I'd ever be able to provide a decent life for David and I would be to finish my education and embark on an actual career. My car had since died and there was no nearby colleges to my folk's home so I moved. I rented a studio apartment for David and I. I paid 98% of my income to live there because I was too proud to go and apply for subsidized housing. Obviously this didn't last long. After eight months of scraping by I received an eviction notice. Ironically the eviction notice came in the same delivery as my acceptance letter to college.

Determined to overcome this, I stayed at different friends' houses while I searched for a daycare for David and a way to actually finish school. The environments I was placing my son and I in were not appropriate. The vagabond life was getting to me (my folks live in a desolate part of the state - not near any colleges or, and impossible to get around without a car). I had to do something so I went to my welfare caseworker and they set me up in a "temporary shelter," which was a small, seedy hotel room. This was

in August and at the beginning of September I began the daily trek of going to a friend's house to pack David a lunch (no refrigeration at the motel), dropping David off at daycare and then going to classes. It was an incredibly trying time, but like many single mothers we make incredible sacrifices in order to "do right" by our kids. For me, I can see a bright light at the end of the long, rocky road, but it still was an incredibly stressful time.

At the beginning of December I was given a 707 housing subsidy and was able to provide my son and I with a home with actual refrigeration and our lives were made a bit easier. I completed that year of college with flying colors only to have the rug pulled out from beneath me.

When Governor Weld got elected he eliminated the Employment and Training program which had been of great assistance to me in getting me on the road to self-sufficiency. I could no longer get help with childcare or transportation and hence, had to drop out of school. I was completely depressed that I had seemed to be doing so well but was not allowed to continue. Not one to be deterred, I got a waitressing job next to David's daycare. After about five months I started feeling that instead of getting ahead, which was my goal in earning a wage, I was falling further and further behind. I began to save every receipt and kept track of every expense, no matter how small. Sure enough, I was LOSING about $20. worth of income by working outside my home. It didn't seem fair. Not only was the Dept. of Public Welfare subtracting dollar for dollar what I was making as a waitress, but my food stamp amount decreased and my portion of the rent went up. With the amount that I had to put toward childcare, etc. I ended up losing money. What a warped system I thought as I gave my two-week notice at my job. It seemed as if forces were working against me to keep me ON welfare.

A few months later, my former ET worker (now my MassJOBS worker) called to inform me that someone had sued the state and got childcare benefits back for those who are attending school. By this time my son would be entering kindergarten and I had to wait to get back to school but I finally did it!

Now I walk or ride my bike, through ALL types of weather, the mile or so to school. Of course this is only after I get David on the bus to his school. I am so close to graduating and I am again petrified that something, as usual, will block my path. This time it seems that it may well be welfare "reform."

I think that it is absolutely SICK, the patronizing way in which

single moms are being treated by the media and most definitely by current legislation in both state and federal arenas. My son is

extremely well-behaved. I am not an alcoholic nor do I neglect or abuse my child. I do not spend my money foolishly and I clip coupons for my food shopping as does all the other single moms on welfare that I know. When I campaigned for Bill Clinton (David was the one that stood in the rain holding the Clinton/Gore sign) I had hoped for more compassionate government actions to help those most in need. It is so disheartening to see the same old conservative rhetoric being blasted.

I am BARELY SURVIVING! I am barely getting by on an amount of money that is 50% BELOW the poverty line. The fact that the moral fabric of this society is unraveling is NOT my fault or the fault of others on public assistance. Without fathers, children should NOT be without their mothers as well. My son, David, would not be as wonderful as he is without the years that I have been home to care for him. Just being there for him when he gets off of his school bus is worth the price of living in poverty, at least for now. Forcing mothers away from what should be their primary duty, CARING FOR THEIR CHILDREN, will only add to future generations being brought about to not feel cared about.

The most ludicrous element of President Clinton's proposal is that it is to be funded by slashing Emergency Assistance!! Excuse me? I have studied politics, sociology, community development and even got a "B" in Economics, but I cannot at all understand the justification of slashing EA when so much other stuff is already making it so hard to survive. Through the state cuts already imposed on my housing subsidy (now called the Mass. Rental Voucher Program - MRVP) making ends meet is not possible - I go without toilet paper, tampons and other vital necessities that I can't get with food stamps. The Emergency Assistance program is one of the last remaining safety nets! Without it, I am falling so far behind, I may become homeless again before I get a chance to graduate!

Concerning other components of the President's proposal on welfare reform: the Individual Development Account (IDA) sounds like a great idea as does the raise in the reserve limit (although $2,000 is still only a pittance); disregarding life-insurance and other types of income is on target as is repealing the lump sum rule. The retrospective budgeting idea is "hogwash" and the argument aginst it is the same for changing tax laws. Any "fill-the-gap" pieces should be made MORE generous instead of taking away the only real way we can get ahead for at least a few months.

There should be some serious consideration to reforming the administrative arm of the DPW and there are other places to get the money to fund it other than EAF!

I hope to be able to come to Washington D.C. and testify before some Committee before any "reforms" are enacted. In this country, which is supposed to be a democracy, expert opinions should be heard from not only those with law degrees or Ph.Ds but from those of us down in the trenches as well.

Thank you for your time and consideration.

Sharon Lee Tetrault
and David Tetrault

TESTIMONY OF HON. ESTEBAN E. TORRES
A MEMBER IN CONGRESS FROM THE STATE OF CALIFORNIA

I am here today to express my strong support for Congressman Matsui's welfare reform proposal, H.R. 4767.

Congressman Matsui's bill provides a comprehensive overhaul of the current welfare system without the flaws that are in the Administration's bill. H.R. 4767 builds upon the proven success of the Job Opportunities and Basic Skills (JOBS) program.

The JOBS program was created by the Family Support Act of 1988 -- as you well know, Mr. Chairman, since you were instrumental in the passage of that legislation. The JOBS program helps AFDC recipients move from welfare to work by offering education, training and job placement, as well as guaranteed child care and other support services.

Unfortunately, the JOBS program has never received enough funding to reach all eligible recipients. Mr. Matsui's legislation would make great strides towards solving this problem by increasing funding to JOBS and requiring states to have twice as many participants in the program. And H.R.4767 would accomplish this goal without any of the punitive measures contained in the Administration's legislation.

I would be remiss if I did not elaborate on the flaws in the President's plan -- H.R. 4605.

First of all, this legislation cuts $3.7 billion in aid to legal immigrants. This is extremely unfair; legal immigrants pay over $90 billion in taxes per year, while only receiving $5 billion in welfare. Furthermore, if these benefits are denied to legal immigrants, many of them may turn to General Assistance programs which are financed by the counties. Los Angeles County alone estimated that the cost of supporting its 85,000 non-citizens receiving AFDC alone would cost it $146 million a year.

The Administration bill also sets an arbitrary and punitive two-year time limit after which those receiving welfare assistance would be ineligible to receive further benefits. Yet, studies suggest that many parents of children in need of AFDC will not be able to find jobs in the private economy if aid is terminated, and that even that those that do will most likely be unable to earn enough to support their families. The $4.25 an hour minimum wage is considerably less that the $6.00 an hour needed to keep a family of three out of poverty.

The Clinton plan would also allow states to put a cap on family welfare benefits. In other words, mothers who give birth while on welfare would receive no additional money for the care of the additional child. Yet, welfare mothers typically have fewer children that women in the non-welfare population. In addition, the best social science research suggests that welfare programs are not among the primary reasons for the rising number of out-of-wedlock births.

The Administration also funds their bill in part by cutting funding for other programs which help the poor. It is of the utmost imperative that we pass meaningful welfare reform without punishing the very people that we are trving to assist. In fact, it is crucial to our success as a society. For, as John F. Kennedy said in his Inaugural address, "If a free society cannot help the many who are poor, it cannot save the few who are rich."

Submitted: August 8, 1994

TESTIMONY OF: ROBERT C. SUDAR
UNITED FATHERS OF AMERICA
12304 SANTA MONICA BLVD.
SUITE 300
SANTA MONICA, CA 90401

on

H.R. 4570 - "THE CHILD SUPPORT RESPONSIBILITY ACT OF 1994"

Before

THE SUBCOMMITTEE ON HUMAN RESOURCE,
COMMITTEE ON WAYS AND MEANS,
UNITED STATES HOUSE OF REPRESENTATIVES
AUGUST 8, 1994

My name is Robert Sudar and I am a United States Citizen, Vietnam Veteran, and divorced father of identical twin girls - Katie and Lara Sudar. My focus is to alert the subcommittee on issues of welfare abuse and the ways in which the system can be used to the detriment of families and, most importantly, children. This I relate from my own personal experiences and continuing struggle to regain my children into my life.

We know that children are born with two parents. We know that children want, love and need two parents. We know that the winner-take-all system that we have developed in the domestic relations courts simply does not work. The adversarial system puts parents against each other that, in the end, designates a winner of the children and a loser. The loser not only loses the companionship of the children, but is also ordered to make payments for services that the loser wanted to provide in his or her own home. Child custody is the only job in America where the loser is told to pay the winner's salary.

There is no magic cure called "child support enforcement" that is going to solve the problems of families. Nor is the AFDC program the answer to helping families, when the program stipulates the removal of the father in order to help the family. These are destructive measures that must not be tolerated any longer. We must work on a system that encourages the continued involvement of both parents after the divorce just as it existed during the marriage. Divorce means the dissolution of a marriage, NOT the destruction of a family!

The legal system, by nature, is an adversarial system and wants for a winner and a loser. Courts across this country routinely order custody to one parent and burden the other parent to be a "visitor" in his or her children's lives while providing a private welfare state, for the other parent, in the form of support. How can this not but foster a dysfunctional society that, by example, displays to our children the high price of marriage gone bad, the high price of, so called, "commitment" in marriage, the fact that, as a parent, you could lose your children, and, the most costly lesson, that your children could lose you as a parent and guiding force in their lives! No amount of money can make up for a missing parent in the lives of our children.

I want you to know that I helped deliver my twin daughters Katie & Lara on September 6, 1991. I worked at home and was with them from birth, taking care of them along with my ex-wife. When my ex-wife went back to work in February of 1992, I took care of my girls all day, and drove them to where my ex-wife worked so that they could nurse at noon 5 days a week. I was very involved with their daily lives and well being.

My personal story spans three states - California, Nevada, and Washington. My children have been taken from my life and the courts have looked the other way when my ex-wife took my children against court orders that restrained either parent from moving away during litigation. During litigation in Nevada, my ex-wife moved to Washington State where she was able find a forum that would give her sole custody and complete control of our children, allowing me to be a "visitor" to them for 2 hours a week if I live within 20 miles of her and set up the visit each and every week. How will my children learn to trust anyone, or our legal system, or anything about this great country of ours if they grow up being denied their father (who wants very much to be a parent to his children) and their rights as human beings?

The Washington Superior court of Whitman County (Colfax, WA), Judge Wallis Friel presiding, did not even hear my case in deciding jurisdiction, custody, or any matter pertaining to the dissolution of my marriage. Judge Friel heard only my ex-wife's side and made a ruling;

a ruling that was not in the best interest of my children, but in the best interest of my ex-wife. Her attorney, Colleen A. Harrington, has been instrumental in destroying my family.

Anita & I were married in June of 1990. My ex-wife lived in Los Angeles, California from 1977 until we moved to Nevada in 1992. This move was prompted by my ex-wife who insisted that she quit her $50,000.00 a year job, that she had worked for almost 7 years, and have me support our family of 5 on my $12,000.00 a year! She insisted that my job was to make a lot of money and hers was to raise children. This led to our family breakdown. She threatened me and filed divorce in October of 1992 in Nevada. During pending court proceedings, and a restraining order not to leave the jurisdiction, my ex-wife moved to Washington the end of January 1993 against Nevada orders. She enticed me to come to Washington to rebuild our marriage. I went up to Washington March 2, 1993 to be near my children with promises of rebuilding our marriage. On March 9, 1993 the Nevada proceedings were dropped. On April 15, 1993 Anita filed for divorce in Washington State. She packed up and on June 17, 1993 moved back to Los Angeles, California signing a year contract with the LA Unified School District that she left in 1992. I immediately moved to Los Angeles as well. My ex-wife refused to allow me involvement in my children's lives, and only allowed me to see them 2 hours a week under her strict supervision, if I could contact her each week! This I believe she did to purposely set up a poor pattern of interaction between my children and their father, and to establish a favorable position in a custody battle 3 states away. This she did not as a responsible parent!

This restricted "visiting" went on until September, when my ex-wife casually mentioned that she filed to finalize her divorce in Washington. I never received service of that motion. I called the Whitman county court in Washington and asked the clerk about this hearing. The clerk said I should file for a change of venue since we were both living and working in Los Angeles. I filed Pro Se and Judge Wallis Friel heard the case on October 2, 1993. He denied my motion for change of venue. The following week Judge Friel heard the divorce case and made an final decree order. I was not present or represented at this hearing, nor made aware of the judgment until December of 1993.

In November of 1993 I borrowed money from friends and family to hire a lawyer in Los Angeles to fight for joint custody of my children. The lawyer, Pam Mozer, took my $4,000.00 and did nothing. I ended up filing Pro Se in December to register the foreign decree in Los Angeles, CA, in order to see my children. On December 23, 1993, we were ordered to conciliation court by LA Superior Court Commissioner William A. Allen. On January 11, 1994 my ex-wife and I signed an agreement in court that I would be with my children 4 days a week starting January 12, 1994 with increasing time that would work into equal time sharing with them. She complied with this order until she disappeared on January 30, 1994. On February 4, 1994 I received notice that she was in Washington State and that she rescinded the court order in Los Angeles as of January 13, 1994 which she filed with the court on January 25, 1994. This is clearly unclean hands! She perpetrated the entire charade to plan her move back to Washington. We had a hearing in Los Angeles on February 15, 1994 for custody. That hearing was continued until March 2, 1994. Heard on March 2, 1994 and continued until June 13, 1994.

My ex-wife filed in Washington for continuing jurisdiction. I was not served with this but received notice 3 days before the hearing date I borrowed more money and hired Dorothy Wiley in Pullman, Washington to go into court and ask for a continuance so that I could prepare a case. On March 11, 1994, Judge Friel refused a continuance saying that I had been served with ample time to respond, and he made an order for continuing jurisdiction.

During this time I was not able to contact my children or my ex-wife. Although she told the court that she was in Whitman county, Washington, I was unable to locate her or communicate with her or my children. When I was able to travel to Washington and spend time searching for my children, I found my ex-wife and children living in a home purchased by my ex-wife's mother. Not in Whitman county, but in Asotin county about 40 miles away.

On May 19, 1994 I filed a motion to vacate the Washington decree as being invalid per the FPKPA and UCCJA. On May 20, 1994 I filed a Motion to dismiss a Restraining order in Whitman county dated May 5, 1993. On May 23, 1994, in Clarkston, Washington, I filed a criminal report of Custodial Interference in the Second Degree against my ex-wife, and at the same time, unbeknownst to me, my ex-wife filed a restraining order against me. On May 24, 1994 the motion to dismiss the restraining order in Whitman county was heard and granted. Unbeknownst to me, on May 25, 1994, my ex-wife applied and was granted AFDC, food stamps, and medical coverage. On May 27, 1994 my motion to vacate was heard and denied.

On June 27, 1994 Judge Wallis Friel recused himself from the case and assigned a District court commissioner to hear the case. As of August 8, 1994 Judge Friel has not entered an order from the motion to vacate, which I will appeal once that order is entered.

I was served with the restraining order on July 22, 1994 and now have a motion for reconsideration on that issue. In the interim of waiting for the appeal on the motion to vacate, I filed for modification of child support since my ex-wife was granted a default decree which ordered child support at one hundred and ten percent (110%) of my net monthly income. That motion was set for July 27, 1994 and on July 25, 1994 I was informed that my ex-wife was on welfare and that the Attorney General's office in Washington will be representing my wife in this matter.

Here is a mother who voluntarily quit her teaching position in Los Angeles, making approximately $40,000.00 a year with full medical & dental benefits to cover the children, moved to Clarkston, Washington (which is deemed the welfare capital of the state), and is now on welfare. I ask that you take a look at her mother's home that was purchase in April of this year - It's a $100,000.00 home. (See Exhibit "A" and "B") They have a new Ford Taurus, new swing set, and new bicycle with a pull along cart for the children. (See Exhibit "C") Our children have never seen a hungry moment in their life, nor lacked clothing, or any other necessities or niceties of life. My ex-wife's father has more money than some members of congress. My ex-wife owns a $130,000.00 home in Las Vegas. (See Exhibit "D") Is this the type of candidate that the welfare system is designed to help? I think not. It is clearly the abusive use of the system that allows mothers to pit the government against the father to aid her in keeping the father away from his children? This is NOT what the system was designed to do!

My only crimes are that:

(1) I don't believe in divorce;
(2) I believe my children deserve two parents and four grandparents;
(3) I want to be a parent (not a visitor) to my children; and
(4) that I have strived to communicate & work things out between my ex-wife, so that both parents could
be involved in our children's lives.

I have never done anything to harm my children or destroy the parent/child relationship between my children their mother. My ex-wife has done and will do everything she can to harm my children and their relationship with their father. The family law system is a punishment in and of itself and I have been convicted and barred from being a parent to my children. All without being heard in court! My ex-wife has been given free reign to destroy our family. My children are the real victims of this.

As I have stated earlier, the legal system is an adversarial one and the states tend to let the judges use the system to destroy families in addition to dissolving marriages. I'm sure this was not their intent, but from all the studies and statistics that we know, it's easy to see that it has not worked to strengthen families of divorce.

Most nations have a National Family Policy, but NOT our wonderful country. We would do well to study those countries that have a National Family Policy. We would do well to set up family law whereby judges would decree, from the start, a temporary order of shared parenting, under a 90 day mediation and counseling period, with the intent that the parents work out a plan for shared parenting in that time. We know from statistics that a temporary order is turned into a permanent order almost always. Such an order would show the parents the Nation's and court's intent from the beginning - that the children should have two involved parent and that the court is ordering the parents to work out a plan to co-parent their children. The majority of people and the "lawyers" would be calmed by such an order. It would subdue the adversarial nature of the divorce court and be in the "Best interests of the children."

We need to take actions that show families the importance of children and that they deserve and need both parents to help them grow and learn. If the courts and lawyers would work to only dissolve marriages and, at the same time, keep families together and strengthen them, our nation would be far better off. I just hope the legal profession can handle anyone meddling into their 43 billion dollar a year (and growing) family law business! Who is really benefiting from an adversarial system of divorce? - Certainly not our children!

As a United States Citizen and Vietnam Veteran I ask that you strongly consider passing laws that strengthen our families, not destroy them and perpetuate the welfare conditions that exist in this country. I am not alone. With 6.6 million children of the 18 million children of divorce being denied the participation of a parent in their lives, this is a problem of major importance that needs to be considered in passing laws.

Specifically I am recommending you take these actions:

(1) Request a Congressional Research Service Study of how federal policy could be amended to encourage more fathers to be involved with children in cases of parental separation.

(2) Support recommendations of the U.S. Commission on Child and Family Welfare.

(3) Inquire and consider all recommendations advanced by the American Father's Coalition on Family Policy.

Thank you for your time.

Respectfully submitted,

Robert Sudar

EXHIBIT 'A'

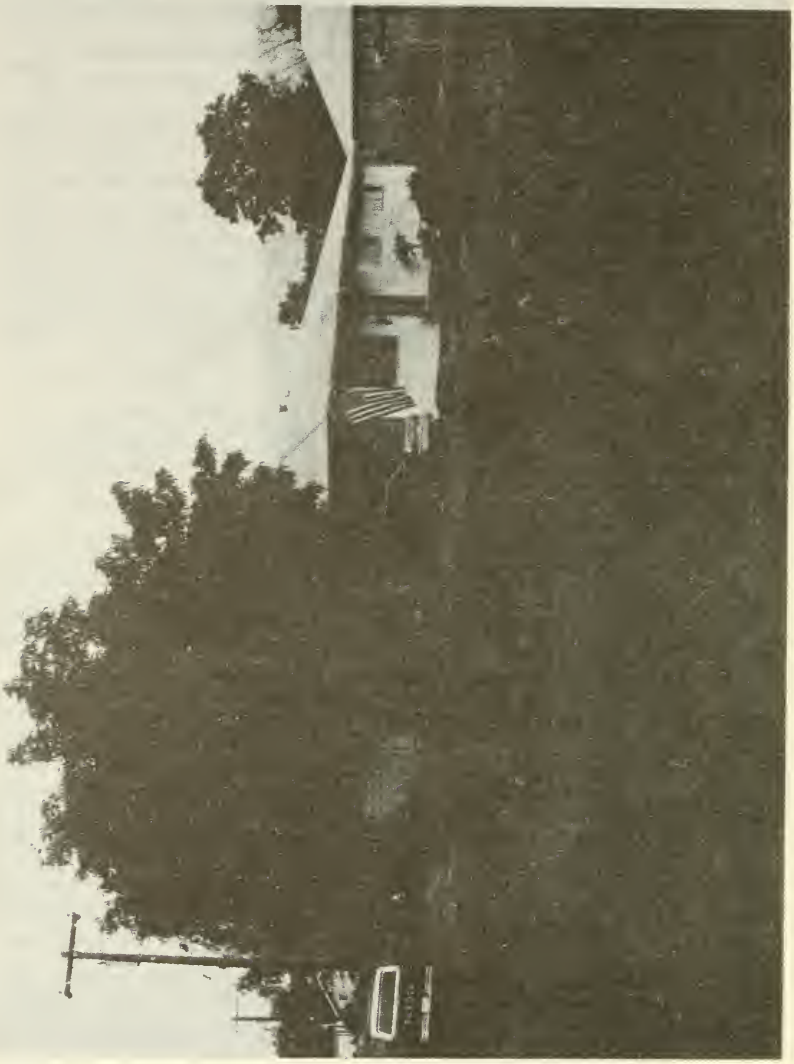


EXHIBIT 'B'

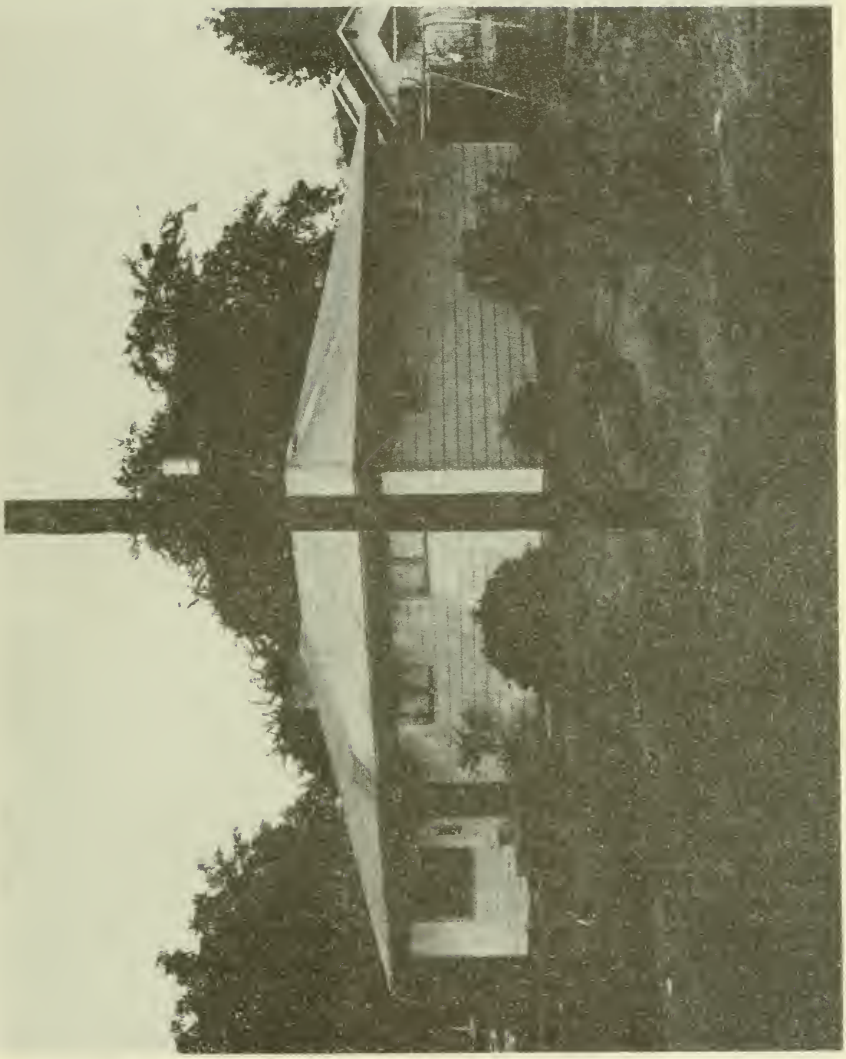


EXHIBIT 'C'

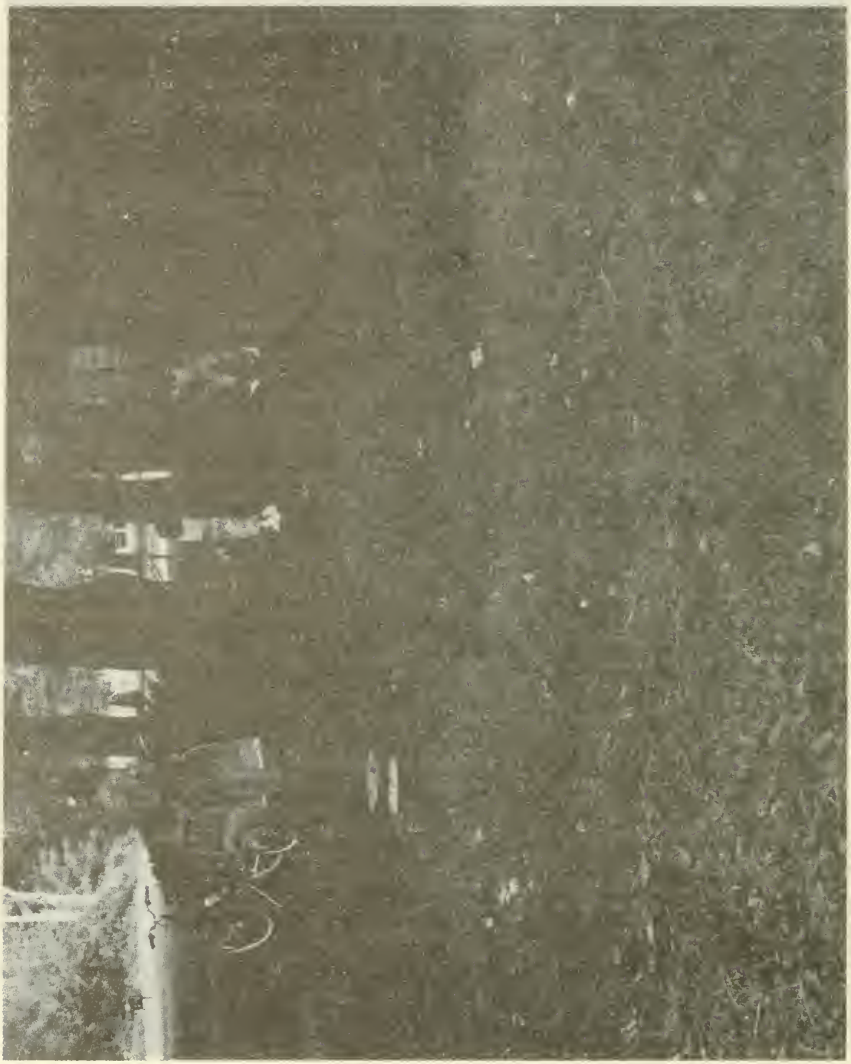


EXHIBIT "D"

9 2 0 7 0 2 0 1 2 3 5

Affix R.P.T.T., $ 144.30

GRANT, BARGAIN, SALE DEED

THIS INDENTURE WITNESSETH: That DURABLE HOMES, INC., A Nenvada corporation

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, do hereby Grant, Bargain, Sell and Convey to ROBERT SUDAR AND ANITA ROCHE, HUSBAND AND WIFE

AS COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP

all that real property situated in the _____ County of CLARK

State of Nevada, bounded and described as follows:

Lot THIRTY-SEVEN (37) in Block Three (3) of DESERT HORIZONS NO. 1, as shown by map thereof on file in Book 49 of Plats, Page 95 and as amended by those Certificate of Amendments recorded July 2, 1991 in book 910702 as Document No. 01091 and recorded October 10, 1991 in Book 911010 as Document No. 00451, all in the Office of the County Recorder of Clark County,Nevada.

APN ~~09A-190-025~~ 09A-191-025

SUBJECT TO: 1. Taxes for the fiscal year.
2. Convenants, conditions, restrictione, reservationa, rights-of-way and eaeements of record.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.
Witness MY hand ON thie 1ST dey of JULY, 19 92

STATE OF NEVADA
COUNTY OF CLARK } SS.

On JULY 1, 1992
Before me, a Notary Public, personally appeared James H. Cederquist, Secretary/Treasurer

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument and acknowledged that he (she or they) executed it.

Signature _____
(Notary Public)

(Notarial Seal)

My appt. exp. Jan. 29, 1995

DURABLE HOMES, INC., a Nevada corporation

By: James H. Cederquist, Secretary/Treasurer

ESCROW NO:
92-03-1661FTP
MAIL TAX STATEMENTS TO: ROBERT SUDAR ETAL
2214 FARMOUTH CIRCLE
N. LAS VEGAS, NV. 89030

CLARK COUNTY, NEVADA
JOAN L. SWIFT, RECORDER
RECORDED AT REQUEST OF:
NEVADA TITLE COMPANY

07-02-92 14:24 JRE 1
OFFICIAL RECORDS
BOOK: 920702 INST 01235
FEE: 5.00 RPTT. 144.30

FOO PRINTING (702) 876-3235
FORM #478

TESTIMONY
COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
HEARING ON TIME LIMITING CASH ASSISTANCE
IN PRESIDENT CLINTON'S WELFARE REFORM PROPOSAL
AUGUST 16, 1994

Submitted by: Kathleen N. Kelly
United Way of Chicago
Government Affairs Associate

As part of our long standing investment in and commitment to effective welfare reform, the United Way of Chicago (UWC) appreciates this opportunity to share our perspectives on welfare reform with the Subcommittee. The United Way of Chicago awards nearly $50 million each year in charitable dollars to local nonprofits that provide a wide variety of human services to thousands of clients in need -- with the overarching goal to assist dependent individuals to become self-sufficient to the greatest degree possible. Based on our goal of promoting self-sufficiency in individuals, the United Way of Chicago has long played a prominent role in welfare reform advocacy, along with program planning and implementation at both the federal and state levels.

The United Way of Chicago Board of Directors this spring recommitted its support for effective welfare reform by reaffirming a set of principles, originally adopted in 1987, which have formed the basis of UWC's welfare reform advocacy efforts. (See attached.) These principles support policies and programs designed to assist AFDC clients to enter the workforce and achieve economic independence, and, at the same time, to provide an adequate level of income support to those unable to do so. More specifically, the principles support program models that provide a range of appropriate education and/or training programs to clients along with needed supportive services -- including child care and transportation -- and social services, such as mental health counseling and substance abuse treatment, as needed. The major goal is to assist the clients move toward permanent self-sufficiency through jobs which provide long-term employment with adequate benefits at a living wage.

Since 1990, when the Family Support Act was implemented in Illinois, our experience has reaffirmed much of what we already knew about what it takes for welfare-to-work initiatives to be truly effective. We have also become more keenly aware of the multiple obstacles to self-sufficiency which must be addressed if we are successfully to move clients off the welfare rolls and onto the taxpayer rolls, while at the same time assuring a safe and healthy environment for their children.

We believe that effective welfare reform can only occur if it is grounded in the realities of welfare clients' lives, the current job market, and availability of appropriate supportive and social services.

Within this context, we urge your support for the following key issues during your current deliberations on the President's Welfare Reform bill "Work and Responsibility Act of 1994" (HR 4605) and the other major welfare reform proposals that have been introduced.

-- **TIME LIMITS** - We oppose fixed and arbitrary time limits on AFDC eligibility. Income support, education/training opportunities, supportive and social services should be available to welfare clients based on their individual needs and capabilities and not based on an arbitrary time frame. Many AFDC families would be able to become self sufficient in less than a two year time period. For some, however, two years would not be enough time to take all the necessary

steps to become economically self sufficient because of the serious obstacles they face. These obstacles can include: low literacy levels, little/no employment history, low self esteem, depression, lack of a high school diploma/GED certificate, lack of employable skills along with, in some cases, mental illness, substance abuse and/or domestic violence. Still others may not ever be able to become self sufficient because the obstacles they face are insurmountable. These persons must maintain AFDC eligibility as a safety net.

The barriers facing many AFDC families are very complex. These families should be supported in their efforts to move off welfare -- but within time frames based on their individual life circumstances.

We therefore urge the adoption of flexible time frames for AFDC benefits and other supports which are based on individual client assessments and their specific mix of life circumstances, skills, and needs.

-- **CHILD CARE** - We oppose any welfare reform efforts that would not assure the healthy development and physical safety of children in AFDC families. We therefore urge that subsidized child care -- both for those participating in JOBS programs and for those moving into the paid work force -- continue to be an entitlement.

We further recommend the extension of Transitional Child Care (TCC). The current 12 month limit on TCC is not enough time for many former AFDC clients to become economically independent. Currently in Illinois, many former AFDC families who "fall off the cliff" after 12 months of employment are being forced to quit their paid jobs and return to welfare because they cannot afford unsubsidized child care.

We therefore urge the extension of TCC beyond its current 12 month limit to that point at which the income of former AFDC families reaches 185% of the federal poverty level.

-- **SOCIAL SERVICES** - Many AFDC clients need a mix of social services in order to become self-sufficient, in addition to supportive services, such as child care and transportation. Such social services can include mental health counseling, substance abuse treatment, and domestic violence intervention, among others. Without such services, some clients will not be able to focus on other steps they must take such as education/training and job search activities in order to move off welfare. The realities of the lives of many AFDC clients are very complex. Their needs must be addressed in a holistic and comprehensive way if welfare reform is to be successful. Unfortunately, another reality is that serious unmet needs continue to exist in social services, as evidenced by waiting lists often several months long for services. In Chicago, for example, persons seeking substance abuse treatment must sometimes wait up to 8 months long for treatment.

We therefore urge that funding be made available for expanded social services -- including mental health counseling, substance abuse treatment, and domestic violence intervention -- to assure the availability of such services to AFDC clients.

-- **TEEN PARENTS** - We urge that teen parents receiving AFDC be given comprehensive supportive services to assist them with their many needs -- and not be subject to punitive measures such as income assistance sanctions. We consider teen parents as a particularly vulnerable group within the AFDC

AFDC population at large. They are young, poor, usually unmarried, often without strong support systems, and most likely lacking a high school degree and employable skills. At the same time they must grapple with the enormous challenges of parenting a young child - challenges that can be overwhelming even to older and more financially secure parents. Their needs are many and may include intensive counseling, parenting classes, life skills training, along with income assistance, quality child care, and, in some cases involving abusive home lives, housing assistance.

We therefore urge that provision of such comprehensive supports and services be included in any welfare reform package passed. We further urge that teen parents not be subject to punitive measures, such as income assistance sanctions, as such measures would only exacerbate the struggles they face and would ultimately put their children at further risk and lead to greater levels of hunger, homelessness, and child abuse.

-- **FINANCING** - We oppose proposed financing mechanisms that would fund welfare reform at the expense of other programs serving low-income groups. More specifically, we oppose proposals to cap Emergency Assistance, deny AFDC, Food Stamp and SSI coverage for legal immigrants, and deny SSI to persons with substance abuse problems. Increasing funding for one group of the poor by cutting benefits to other groups of poor is bad public policy. If such proposals are implemented, the effect would be a further erosion of overall poverty reduction efforts. Collectively, groups of persons in poverty would have fewer resources. The initial consequence of resource reduction would be further deterioration of the fabric of poor communities, greater levels of hunger and homelessness, and greater disintegration of families. These initial consequences would then produce yet higher levels of domestic violence, substance abuse, crime, child abuse, etc. Clearly, if such funding proposals were implemented, they will have negative effects of far-reaching proportions.

We therefore urge that funding mechanisms be found to support welfare reform which do not rely on eliminating or limiting benefits to other groups of persons in need.

In conclusion, we want to restate that our comments are based on United Way of Chicago's welfare principles that seek holistic and comprehensive approaches to welfare reform; that promote the provision of the necessary income assistance, supportive and social services to individuals to help them become self sufficient; and that offer a safety net for dependent individuals until and unless they are able to become economically self sufficient. If we do welfare reform in the right way, the positive way, we are convinced that many other social and economic problems facing society will also be addressed. Finally, positive welfare reform is also cost effective in the long term. It will result in reduced welfare costs, increased tax revenues, and stronger healthier families and communities.

Attachment

UNITED WAY OF CHICAGO
WELFARE REFORM PRINCIPLES

The United Way of Chicago endorses bipartisan efforts to reform the current welfare system by supporting legislation, policies and programs which assist individuals on public assistance to become economically self-sufficient and to provide adequate income supports to those unable to do so. Major objectives of comprehensive and effective welfare reform programs should include the following:

-- Expand public/private partnerships to assist individuals to overcome barriers to self-sufficiency.

-- Provide public aid benefits at levels that assure families an adequate standard of living until and unless they are able to achieve economic independence.

-- Provide transitional support services to those moving off welfare including child care and health care coverage.

-- Provide social services as needed by welfare clients to become self-sufficient such as counseling, substance abuse treatment, parenting and life skills training.

-- Provide flexible and high quality job training and education programs individualized to clients' needs.

-- Assure appropriate government funding to support these needed programs and support services.

The United Way of Chicago supports comprehensive welfare reform policies which address the holistic needs of clients and which link supportive services; social services; education and training; and job creation efforts -- with the goal to enable welfare clients to obtain permanent jobs that pay a living wage.

The United Way of Chicago supports the goal of meeting both the physical and developmental needs of children in AFDC families as an integral part of welfare reform program design and implementation.

The United Way of Chicago opposes any fixed and arbitrary set of time limits on AFDC income assistance given the wide differences in clients' needs and the time they need to overcome individual barriers and achieve self-sufficiency.

The United Way of Chicago opposes punitive approaches to welfare reform which would deny public aid recipients and their children income assistance and other supports they need to move toward self-sufficiency.

Adopted at the United Way of Chicago Board of Directors' meeting, 11/18/87 and amended on 5/11/93 and 4/20/94.

UNITED WE STAND AMERICA OF WASHINGTON STATE
8TH CONGRESSIONAL DISTRICT
RENTON CHAPTER ISSUES TEAM
Sandra Baxter and Nettie Brophy
Co-Chairmen

TESTIMONY OF UWSA RENTON CHAPTER ISSUE TEAM TO HOUSE WAYS AND MEANS COMMITTEE, SUBCOMMITTEE ON HUMAN RESOURCES HEARING ON PRESIDENT CLINTON'S WELFARE REFORM BILL (H.R. 4605)

United We Stand America (UWSA) is a national non-profit educational organization. The membership is comprised of citizens who are dedicated and committed to exercising our constitutional right and responsibility to participate in our government. Our State and District Teams and Chapters research various federal, state and local government policy and issues. We then report our findings to our membership, the general public and our elected representatives. UWSA is deeply concerned with runaway federal spending, duplication of programs and accountability of expenditures.

The UWSA Renton Chapter Issue Team appreciates the opportunity to provide input into the Subcommittee hearings on the subject of welfare reform. Specifically, by reducing the benefits paid to foreign nationals and redirecting these funds to improving the quality of life and opportunities to U.S. citizens.

In our testimony we define to "foreign nationals" as "Anyone within the boundaries of the United States who is not a citizen of the United States. This includes legal immigrant, refugee, political asylee, temporary protective, illegal aliens, etc."

The UWSA Renton Chapter Issue Team has researched the cost of entitlement programs paid to foreign nationals at both the national and state levels. We found that foreign nationals constitute a large percentage of the recipients of entitlement programs which are paid for by U.S. tax dollars without the knowledge nor consent of the American people. We believe that those funds should be allocated for the benefit of U.S. citizens.

We are commenting on H.R. 4605.

Tightening Sponsorship for Non-Citizens:

"Any immigrant whose sponsor is receiving SSI or AFDC benefits would be exempt from sponsor-to-alien deeming under SSI, AFDC and food stamps."

We question a policy that allows a person to sponsor a foreign national into this country when that sponsor is not financially solvent. We suggest that if the sponsor cannot or will not honor his sponsorship and the immigrant cannot support himself, the immigrant should be returned to his country of origin and not become a public charge. This would enforce current U.S. conditions of sponsorship.

We do not support a policy that a sponsor who is receiving SSI or AFDC benefits can be eligible to sponsor other foreign nationals.

Eligibility Criteria for Non-Citizens:

We find no justification for any difference in eligibility requirements under the various federal entitlement programs for different categories of non-citizens. There are no special categories of U.S. citizenship under our Constitution. One is either a citizen or a foreign national.

We applaud consistent eligibility criteria for all federal programs for which a foreign national can currently apply and would propose the establishment of identical eligibility criteria for all federally-funded programs for foreign nationals.

Foreign nationals be removed from all federal assistance programs and all funding for foreign nationals should have one funding and disbursement department or agency. FOREIGN NATIONAL ASSISTANCE. This assistance should not be merged with and/or hidden within any other welfare agencies that are meant to be for the benefit of U.S. Citizens. This assistance should be funded 100% by the Federal Government and not mandated to the States who have no ability or authority to accept or deny entry of said foreign nationals.

By separating foreign national assistance from all other agencies, eligibility verification through the Immigration Naturalization Service (INS) would be more effective. By separating foreign national assistance from all other agencies, a true and honest accounting of expenditures for foreign nationals would be available to the Congress and the American tax payer.

Because "legal" immigrant foreign nationals are assumed to be self sufficient upon entry or to have a responsible person or entity to sponsor them for five years, they should be ineligible for any federal benefits.

A foreign national wishing to live and work in the United States should provide for their own medical and basic needs as do most U.S. Citizens. The sponsor of such foreign nationals would be responsible for these medical and basic needs if the foreign national was unable to provide these needs for himself. The U.S. Government should not have the authority to be a sponsor of foreign nationals.

Because foreign nationals who enter the sovereign country of the United States illegally have broken the laws of our country upon entry and therefore should be ineligible for federal benefits and immediately returned to their country of origin.

Because foreign nationals request Refugee Status or Political Asylum etc. (even though they too have entered our country illegally) and are granted permission to remain in our country for a period of time, the assistance provided these foreign nationals should come from the FOREIGN NATIONAL ASSISTANCE DEPARTMENT/AGENCY (as we have recommended the establishment of this department/agency above). This should include all forms of assistance to foreign nationals, including but not limited to educational, medical, job training, food stamps etc. etc.

Our research has exposed massive abuse and fraud in all levels of federal, state and local agencies by foreign nationals. "Dollars & Sense", May 1994 issue, states "The word is out worldwide that the U.S. social service system invite exploitation."

Fake U.S. green cards are sold openly in the streets of Haiti, Manuals on how to manipulate U.S. benefit programs, sold in China and other Asian countries, turn up in the hands of boat refugees. Fake drivers licenses and phony Social Security are for sale on the streets of San Diego California was exposed recently on 60 Minutes TV show. Possession of these fake documents are enough to qualify illegal foreign nationals in most states for unemployment, disability, Food Stamps, Housing subsidies and dozens of other assistance programs.

Compounding the problem is a lack of cooperation among federal, state and local agencies, which rarely (or refuse) to exchange information on fraud schemes or data that would help identify the cheaters and thereby contribute and/or conceal the fraud and abuse.

Our government has obligated the American tax payer to pay medical benefits for most foreign nationals. In the past, U.S. immigration laws screened out people with serious infectious diseases such as Tuberculosis (TB) and Aids. Failure to enforce these procedures have resulted in a reported 27,000 new cases of TB in 1992, a 20% increase since 1985. The Office of Technology Assessment study states that 71% of all new TB cases in 1993 and 86% of all childhood cases occurred in racial and ethnic minorities. One contagious person will infect an average of 12 or more people a year.

Washington state alone reported a 48% increase in TB. TB cases occurring more frequently in people arriving from countries with high rates of TB. It appears that in 1993 more than 50% of TB cases will occur in the Foreign born - A figure well above the national average.

Of the 6 million disabled and elderly recipients of SSI, 601,000 are not citizens. Costing the American tax payer in excess of 3 billion dollars annually.

Additional funding for programs for American citizens would be available by deporting foreign nationals who have committed felonies immediately upon their release from prison. In 1993, 27.10% of all federal prisoners were non-citizen at a cost of $294,799,334 annually.

As of April 1994, an estimated 2,043 (19.20%) Washington State prisoners were foreign born at an annual cost to the State of 46 million dollars.

New Rules Regarding SSI Benefits for Drug and Alcohol Addicted Recipients:

Regardless of the outcome of H.R. 4277, which would impose new rules regarding benefits for drug addicts and alcoholics under SSI and SSDI programs, our opinion is "no cash payments" should be made to these individuals at all.

These funds should be spent for qualified in-house rehabilitation centers that would be available to those who have a desire to rehabilitate. Benefits in the form of cash payments in any amount contribute to the problem not the solution.

Needless to say, retroactive lump sum payments for drug and alcohol abuse are inappropriate in all cases. The horrible outcome of this policy has been exposed most recently on the "60 Minutes" television program.

Current SSI program policies for drug and alcohol abuse have proven ineffective. Strict In-house treatment centers are the only practical program. After In-house treatment AA and other community supported organizations are available to those who are serious about rehabilitation at no charge to the person, the state or the federal government.

Hold constant the Portion of Food Stamp Overpayment Recoveries that States May Retain:

Currently "states are permitted to keep some portion of the 100% Federal Food Stamp recoveries as an incentive payment for pursuing program violations". This is ridiculous! It is the State's job and responsibility to administer public assistance programs, including Food Stamps. If an overpayment was made in the first place, the state allowed it to be made and why should they be rewarded for simply making the correction.

This is silly putty! States should keep zero of any recovered funds.

Respectfully submitted,

Sandra Baxter
14437 W. Lake Kathleen Drive SE
Renton, WA 98059
(206) 271-0827

Nettie Brophy
11625 S.E. 163rd Street
Renton, WA 98058
(206) 271-4647

Testimony by the Honorable Jolene Unsoeld
before the Subcommittee on Human Resources
Committee on Ways and Means
July 27, 1994

Thank you, Mr. Chairman. I'm pleased to be invited to testify today on the general topic of welfare reform and more specifically, in support of Mrs. Mink's Job Start for America Act. I'd also like to note that I was one of the first supporters of Mrs. Woolsey's welfare reform bill, and I'm pleased to see that Mr. Matsui has incorporated so many of her ideas in his welfare reform legislation. I will focus my comments today on the role of teen pregnancy prevention in welfare reform.

Many of the welfare reform proposals we've heard about in Congress, including the administration's proposal, contain a major focus on curbing teenage pregnancy. Although it is true that becoming a mother at a young age is clearly a major risk factor for poverty -- and therefore eligibility for AFDC benefits -- we must also recognize that the vast majority of women who are currently receiving AFDC benefits are not teen mothers. In other words, this is not the root of the welfare reform problem. It's just not as simple as it looks.

This does not mean, however, that we should not be discouraging teen pregnancies. In my home state of Washington, pregnancy becomes a fact of life for 1 out of every 13 teenagers each year. When these young women get pregnant, they all too often end up dropping out of school. In fact, nationwide nearly half of all female high school dropouts are pregnant teens or teen mothers.

The research evidence shows that the economic consequences of becoming a teen mother -- and dropping out of school -- are devastating not only for the mothers themselves, but for society as a whole. We know that over half of the women who are currently receiving welfare benefits first became mothers as teenagers. Just as important, however, are the studies that show that teen mothers who complete high school are less likely to rely on welfare to support their families.

Clearly, then, the problem of teen pregnancy is one with many roots and multiple consequences. To attempt to address this problem in a simplistic, punitive way -- as I believe many of the current legislative proposals do -- within the context of welfare reform ignores these complex roots and consequences.

To be honest, I'm not sure how we best deal with this problem. There are many, many alternatives that I believe we should consider beyond just limiting welfare to two years. For example, we might consider cash payments to teen mothers who refrain from having additional children. We must also consider allowing abortion counseling to take place for pregnant adolescents. We should certainly expand our support for programs designed to keep pregnant and parenting teens from dropping out of school, for this will save us money in the long run.

What I do know is that we need to carefully consider this problem and avoid the temptation to rely on simplistic solutions. We need to prevent teen pregnancies from happening in the first place. But for those teenagers who do become parents, we need to do everything we can to support them and their young children. That's why I am cosponsoring Mrs. Mink's bill. After so many welfare reform proposals that seem designed to punish low-income families, we finally have one that is designed to support self-sufficiency for these families.

In conclusion, we know all too well that teen pregnancy is a complex problem with many, many facets. We need to consider pregnancy prevention, dropout prevention, the provision of adequate child care, and support for those teens who do become parents. If we don't, we will as a society pay dearly in the long run.

Thank you for the opportunity to testify today.

2212 S. Jackson
Seattle, Washington 98144
324-3063 ▲ CCS/TTD: 328-5646 ▲ CCS 1-800-499-5975
program of Catholic Community Services
member of Women's Funding Alliance

The Honorable Harold E. Ford, Chairman
Subcommittee on Human Resources, Committee on Ways and Means
US House of Representatives

From: Jean Colman, Director
Welfare Rights Organizing Coalition

Re: The Work and Responsibility Act of 1994 (HR 4605)

August 19, 1994

Welfare Rights Organizing Coalition (WROC) is an organization of women and men who receive public assistance in Seattle, WA. Most of our members are single female heads of households, who receive Aid to Families with Dependent Children. WROC has a number of concerns about the President's Work and Responsibility Act and how they would impact low income families.

Welfare reform can be done with either the goal of reducing poverty among low income children and families or simply reducing the welfare rolls. These goals are mutually exclusive and require different approaches. The Work and Responsiblity Act abandons the idea of reducing poverty for the goal of simply reducing the welfare rolls. If this goal is successful, more children and families will be poor, with no opportunity of improving their situations.

The whole tone of the President's bill feeds into the stereotypes and myths that surround families that receive public assistance. Most parents take their job as nurturer and breadwinner seriously. They want to be employed outside the home, but recognize that there is no other adult who can care for or supervise their children. Because most have minimal skills and education, the jobs they can obtain pay minimum wage and often do not cover their costs of living, such as housing, transportation and child care.

HR 4605 does not address the reasons why women turn to public assistance in the first place. Most parents turn to AFDC because they need the assistance to feed, house and clothe their children. Many have left an abusive home. Others were abandoned by their husbands or boyfirends. Still others chose not to terminate an unplanned pregnancy. The welfare system is difficult and challenging enough without placing more restrictions on already overburdened parents.

WROC has concerns about the following provisions:

TWO YEAR LIFE TIME TIME LIMITS

Limiting public assistance to two years over an entire lifetime is mean. No other government assistance, entitlement or non-entitlement is limited to two years. Why are poor people so targeted? When a parent turns to AFDC, she is in crisis, she needs time to settle her family, take stock of her options and plan her and her family's future. The two year limit would not allow this adjustment. What's worse, a parent fleeing a domestic violence situation might decide that her only option is to return to her abuser. Domestic violence experts maintain that without treatment, one or both parents die.

The two year lifetime limit would preclude many parents from obtaining the training and education they need in order to compete for jobs that would pay them enough to support their families. We've learned that many AFDC parents do not have a high school diploma. Or, if they do, they are in need of remedial education. We also know that for women, especially women of color, education and training is essential for them to find employment above minimum wage.

The two year lifetime limit would require a massive tracking system. Wouldn't that money be better spent on other resources and services?

WORK PROGRAM

After the two years, those parents who cannot find unsubsidized employment are to enter a state run WORK Program. This seems to be an expensive, unnecessary program. Our state could not afford it. Creating this program would take away resources that could be better used in subsidzed child care, enhanced education and training assistance and job development and job placement programs. Prohibiting WORK participants from collecting the Earned Income Credit discriminates against s entire group of workers and sets them apart from their co-workers.

FAMILY CAP

Over 80% of AFDC families have one or two children, which they had when they were in a committed relationship. Yes, some parents on AFDC have children while on the rolls. They are born because contraception fails or the woman is in a realtionship that she thought would lead to marriage. The child exclusion provision again feeds into stereotypes and will hurt the children.

CHILD SUPPORT ISSUES

Most parents want to cooperate with the child support offices. The main reason for not cooperating is because the absent parent is abusive or contact could hurt the child. Prohibiting receipt of assistance until paternity is established will hurt children and could lead to harm for both the parent and child. This is an unnecessary provision. Parents continually complain how the office of child support cannot find the absent parent even when they give them all the necessary information.

HR 4605 proposes to move the establishment of good cause for child support cooperation from the welfare side to the child support side. Most child support workers are collection officers who may not have the well being of the family in mind when reviewing good cause. Welfare workers have some social work training and can make the determination based on what is best for the child. This change would be detremental to the family.

TEEN PREGNANCY

Teen pregnancy is an education problem, a rape and incest problem, a problem with seeing a future, a problem of economic independence. The reason so many teens turn to public assistance is because their parents throw them out of the home, a man whom the teen knows has raped her, or her boyfriend abandons her. Yes, teen pregnancy is a problem, but it is not a welfare problem. We need to create programs and policies that encourage teens to complete their education, that explores sexuality and contraception and expands economic opportunities for young women and men.

FINANCING

Two areas of potential financing are capping the emergency assistance programs and changing the rules regarding legal immigrants. Both methods simply shift the burden from one group of low income people to another. Capping the emergency assistance programs means that fewer families will have access to this source of funds in a time of crisis. Expanding the sponsor deeming and restricting programs to legal immigrants hurts another group of low income families. These are not good sources and again hurts children and families.

REAL WELFARE REFORM

The ADC program was created to allow some women to stay home with their children. We didn't see welfare to work requirements or a move to end welfare until the 1960's, when the rolls finally expanded to include all families who met the eligiblity guidelines. The expectations for the program have changed, but the capacity of the AFDC program itself has not. Instead, we blame poor women for leaving their husbands, for having children out of wedlock, for taking their job as parents seriously.

I urge the Committee to look at welfare reform in a way that strengthens families and gives government the role of assisting parents support their families. This would mean:

- -- expanding employment child care and ensuring universal health care.
- -- helping communities and schools create a system of after school activities so that older children are also supervised.
- -- raising the minimum wage.
- -- creating a stimulus package that creates jobs that will pay wages that can support families.
- -- enabling parents to take training so they can compete for these jobs.

Unless these kinds of activities are addressed, the welfare system will just plod along. We will continue to blame poor parents for being poor. Those that do leave will do so in spite of, not because of the system.

No girl grows up to be on welfare. Girls plan to get married, have children, have a career. Conditions and circumstances change. If we reduce the need for public assistance, we can go a long way to reducing poverty among children and families.

TEEN PREGNANCY, WELFARE, AND POVERTY
MYTHS V. FACTS

Teen pregnancy has often been wrongly blamed for the increase in out of wedlock births, welfare dependency, and women's poverty. It is important to seek to prevent adolescent parenting and respond effectively to the needs of teen parents and their children. In the context of welfare reform, however, the data does not support the attention directed to this problem. The problems faced by teen mothers, and the barriers to leaving welfare and gaining economic independence are the problems faced by single mothers of any age, including low wages, the lack of jobs, child care, health care benefits, housing, and child support enforcement. To focus too heavily on teen parents, and to base program decisions on false assumptions, may harm teen parents while neglecting the needs of the broader welfare population.

MYTH: There is an epidemic of teen pregnancy in the United States.
FACT: Teen births are dropping.

In 1970 teenage women had 656,000 babies, and in 1990 that number dropped to 533,000. Birth rates have also dropped; the number of births per 1000 women 15-19 years old fell from 68.3 in 1970 to 59.9 in 1990, and for those under 15 it was essentially unchanged (1.2 in 1970, 1.4 in 1990). In 1970, one out of six mothers was a teenager; in 1990, only one out of eight mothers is a teenager.

"Vital Statistics-Births and Birth Rates 1970-90," Statistical Abstract of the United States, U. S. Department of Commerce, Government Printing Office, Washington, DC, 1993, page 74.

MYTH: There is an epidemic of out-of-wedlock teen births.
FACT: While out-of-wedlock teen births have increased, out-of wedlock births to women in their twenties have increased much faster.

While the number of out-of-wedlock births to teens increased by 150% between 1970 and 1990, among unmarried women 20-24 years old, the number tripled, while among those 25-29 years old, the number increased almost six times. As a result, teen births have dropped from half of all out-of-wedlock births in 1970 to just 30% of out-of-wedlock births in 1990.

"Vital Statistics-Births and Birth Rates 1970-90," Statistical Abstract of the United States, U. S. Department of Commerce, Government Printing Office, Washington, DC, 1993, page 78.

MYTH: Most teen mothers are heading households alone.
FACT: The number of households headed by teen mothers alone has decreased since 1979, and most teen mothers live with relatives.

In 1979, 15 to 19 year old women with children headed only 3.9% of poor women-maintained households, and in 1990 the number dropped to 2.9%. In fact, 4 out of 5 single mothers live with relatives, usually parents, not by themselves. Due to cuts in public assistance benefits, wage stagnation, and increased rents, a teen mom can rarely afford to live on her own, even when living alone would be the best thing for her and her children.

"Trends of Demographic Characteristics and Income Composition of Female-Headed Families with Children, 1979, 1989, 1990," Overview of Entitlement Program, House Ways and Means Committee, 1992 Green Book, U.S. Government Printing Office, Washington DC, 1992, p.1162.

Wider Opportunities for Women, Inc.

A nonprofit tax-exempt Women's Employment Organization
1325 G Street N.W., Lower Level, Washington, D.C. 20005-3104 (202) 638-3143

MYTH: Most teen mothers are African American, as are the majority of unmarried mothers.
FACT: The majority of both teen mothers and unmarried mothers are white, and that proportion is increasing.

In 1990, two-thirds of teens giving birth were white; Hispanics, who may be of any race, account for an increasing percentage of teen births, going from 12.9% in 1985 to 18.8% in 1990. Likewise, only 41% of births to unmarried women were to African American women, which reflects a steady decrease since 1970, at which time 54% of out-of-wedlock births were to African American women.

"Characteristics of AFDC Recipients," Overview of Entitlement Programs, House Ways and Means Committee Report, 1993 Green book, U.S. Government Printing Office, Washington DC, 1990, pp. 696 and 706. "Vital Statistics-Births to Unmarried Women, 1970-90," Statistical Abstract of the United States, U. S. Department of Commerce, Government Printing Office, Washington, DC, 1993, page 74, 77, 78.

MYTH: Teen mothers inevitably end up on welfare.

FACT: Only 30% of teen mothers go on welfare within three years of the birth of their children, compared to 20% of all women who become single mothers (through divorce, widowhood, etc.)

Although 27% of teen mothers go on welfare within the first year after the birth of their child, and 30% by the child's fourth birthday, the proportion of all women who go on welfare within two years of becoming a single mother is 20%--not a large difference. Even among teens unmarried at the time of birth, only 50% go on welfare within three years.

"Dynamics of AFDC Recipients," Overview of Entitlement Programs, House Ways and Means Committee Report, 1990 Green Book, U.S. Government Printing Office, Washington DC, 1990, p.603; N. Mudrick, "The Use of AFDC by Previously High- and Low-Income Households," Social Service Review 52 (1978), p. 111.

MYTH: Most welfare recipients are very young teen mothers.

FACT: Few welfare recipients are teen mothers and those that are, are older teens.

Of 4,375,000 welfare households, only 354,375 are headed by teen mothers, or 8.1%. Over half of these teen mothers are 19 (52%), almost one-third are 18 (31%), 10% are 17, and 4% are 16. Thus less than 1.2% of all AFDC mothers are minor parents (less than 18 years).

"Characteristics of AFDC Recipients," Overview of Entitlement Programs, House Ways and Means Committee Report, 1993 Green Book, U.S. Government Printing Office, Washington DC, 1990, pp. 696 and 706.

MYTH: Most teen mothers stay on welfare much longer than older mothers.

FACT: The average teen mother stays on welfare only one year longer than mothers in their twenties.

The one year difference may have more do to with the age of the child than with the age of the mother--among both mothers in their teens and in their twenties, women on average stayed on one year longer if their children were under the age of three at the time of going on welfare, compared to mothers of children three and older.

Ellwood, David, "Table 34, Percentage of AFDC Recipients with Various Characteristics and Average Total Durations AFDC Receipt," Overview of Entitlement Program, House Ways and Means Committee, 1990 Green Book, U.S. Government Printing Office, Washington DC, 1990, p.599.

MYTH: *Teen parenthood is the main cause of single mothers' poverty.*

FACT: The gender of a parent is a much greater single contributing factor to poverty than the age of the mother.

In 1990 teen mothers ages 15 to 19 made up only 2.9% of all poor women-maintained households; if one assumed that all teen mothers stayed poor until their children were grown, only about 13% of all poor women-maintained households would have a teen mother or ex-teen mother head. In short, most poor women become poor sometime after they turn twenty. The striking contrast is not by age of a woman head, but by gender: while 46% of single mothers are poor, only 22% of single fathers and 8% of married-couple families with children are poor.

Trend of Demographic Characteristics and Income Composition of Female-Headed Families with Children 1979, 1989, 1990," Overview of Entitlement Programs, House Ways and Means Committee, 1992 Green Book, U.S. Government Printing Office Washington DC, 1992, p. 1162, and "Number of Families Below Poverty Level and Poverty Rate:1959-1990," Poverty in the United States: 1990, Series P-60, No. 175, Current Population Reports, Bureau of the Census, U.S. Department of Commerce, U.S. Government Printing Office, Washington DC, 1990, page 7.

MYTH: Teen parents are better off living with their parents.

FACT: Because the majority of teen parents have been sexually and/or physically abused as children, living at home should not be presumed to be the best option.

Prior to their first pregnancy, Boyer and Fine found that 62% of teen mothers had been raped or sexually molested--more than half by a family member, and 64% had been physically abused as a child. Average age of first molestation was 9.7 years. Sexual abuse resulted in earlier first intercourse (13.2 years compared to 16.8 years for sexually active 15-19 year olds), younger age at first pregnancy (15.7 years), and less use of contraception. Surprisingly, 60% had experienced only one pregnancy. Victimization rates were highest among whites (72%) and American Indians (64%), and lowest among blacks (50%) and Hispanics (46%). Other studies find similar high levels of childhood sexual abuse, incest, and/or physical abuse among adolescent mothers: Butler and Burton found that 54% of rural teen mothers had been abused before the age of 18, and Gershanson that 57% of teen mothers (both rural and urban) had experienced at least one unwanted sexual experience. Roper and Weeks found that 78% of women on welfare who had experienced childhood sexual abuse became pregnant teenagers.

Debra Boyer and David Fine, "Sexual Abuse as a Factor in Adolescent Pregnancy and Child Maltreatment," Family Planning Perspectives, 24:1, January/February 1992; J. Butler and L. Burton, "Rethinking Teenage Childbearing: Is Sexual Abuse a Missing Link?" Family Relations 39:73, 1990; H. Gershenson et al., "The Prevalence of Coercive Sexual Experience Among Teenage Mothers," Journal of Interpersonal Violence, 4:204, 1989; Peggy Roper and Gregory Weeks, "Child Abuse, Teenage Pregnancy, and Welfare Dependency: Is There a Link?" Washington State Institute for Public Policy, October, 1993.

Data compiled by Diana Pearce and Emily Knearl, Women and Poverty Project,
Wider Opportunities for Women, 1325 G Street, NW, Lower Level,
Washington, DC, 20005; (202) 638-3143, (fax) 638-4885

STATEMENT OF MELISSA JOSEPHS
WOMEN EMPLOYED INSTITUTE

Introduction

The Women Employed Institute (WEI) submits these comments that address several provisions of the proposed Work and Responsibility Act of 1994 ("the Act"); the Act would expand the Job Opportunities and Basic Skills Training (JOBS) program and create a new WORK program.

The Women Employed Institute is a national leader in efforts to expand employment opportunities for women and reduce female poverty. The Institute's priorities are to defend and strengthen enforcement of equal opportunity laws, increase women's access to vocational education and training for higher paying jobs, improve corporate policies affecting women workers, and develop model programs aimed at enabling disadvantaged women and girls to move toward self-sufficiency. The Institute is affiliated with Women Employed, a twenty-one-year-old grassroots membership organization of women at all employment levels whose mission is to improve women's economic status and to remove barriers to economic equity through research, education and advocacy.

Our comments are based on our direct experience in providing employment-related services to low-income women seeking employment and training opportunities. Our goal for improving the welfare system is to ensure that policy development and implementation are rooted in what actually works for individuals at the grassroots level. The foremost principle for any welfare program is flexibility. The personal circumstances, work history, and skill levels of welfare recipients vary: while some welfare recipients may be employment-ready and benefit from short-term services, many individuals need a long-term process of basic skills remediation, social service intervention, and occupational skills training before they can enter employment that will lead to self-sufficiency. In order to obtain jobs that will raise their incomes beyond the poverty level at or soon after placement, most disadvantaged adults will need occupational skills training. Unless they are given the opportunity to upgrade their skills, most JOBS participants will remain in low-wage jobs with no benefits, that will decrease their standard of living from when they were on welfare.

We have serious reservations about implementing a "two-years and work" model nationwide at this time. We suggest studying the time-limited demonstration pilots that are in effect before overhauling the welfare system and imposing an untested alternative. The proposed two-year model creates an unnecessary restriction for many recipients from obtaining the training and services necessary to exit welfare. The rigid rules on granting waivers will drastically limit the number of extension requests a state can grant, and will jeopardize the delivery of basic needs to welfare families. Instead, the welfare system should focus on the goal of welfare recipients, namely, economic self-sufficiency, and not simply a job or work for wages. Recipients want to work and become economically self-sufficient, as soon as possible. The length of time that this takes will vary and should not be systematically imposed for everyone.

Jobs and Time Limits: Employability Plan

Sections on education and occupational skills training should be included both in the "Vision" and "Specifications" sections of the Employability Plan. Most recipients will be in need of these services before they can "secure lasting employment", as the Act promotes. For the many recipients who do not have a high school diploma or GED, it will take them a minimum of 1.5 years to obtain a GED, according to community-based organizations who assist these participants.

Under the Act's two-year time limit, a JOBS recipient who needs her GED would have virtually no time remaining to obtain occupational skills training since the Act currently counts participants job-ready and requires them to perform job search once they have a high school equivalency or non-negligible work experience. The Act does not define "non-negligible", however, based on the focus of the Act, it implies the ability to earn the minimum wage. The Act's focus is to put recipients to work without making a commitment to education and training which would help recipients break the cycle of dependency. Simply possessing a GED or the capacity to obtain a minimum-wage job will not enable recipients to obtain jobs paying enough to move off welfare. Most participants will need to obtain occupational skills training to qualify for an entry-level job that could lead to self-sufficiency. The length of such training programs usually range from six to twelve months.

Pursuing a GED could be done simultaneously with job-skills training. In fact, a study of four community-based employment training programs that help low-income single mothers move from welfare to work found, in a 12-month follow-up, that a model that integrates education and training was most successful in achieving rapid earning gains for participants[1].

At a minimum, the Act should require the state agency that administers the employability plan to provide recipients with descriptions and lengths of occupational skills training programs (and the required educational levels), local labor market trends, industry-wide job placement data, and wage rates that include entry-level and beyond. This occupational information should be available to recipients both in writing as well as from the state agency staff member who works with the recipient on developing her employability plan. This staff member should be a counselor or case manager who provides career counseling and works with the recipient to create the employability plan. The staff member should provide a variety of occupational options that stress the available wages and motivate recipients to consider jobs that will lead to economic independence. The employability plan should include the time frame for required education and job training as well as a list of services, such as childcare and counseling, needed by the recipient in order for her to successfully meet her employability plan.

Recipients should receive career counseling that provides them with a range of viable work options. All recipients should be exposed to nontraditional occupations, such as those in the manufacturing and technical fields, since these offer higher paying jobs. Although the Act does direct states to undertake efforts to increase the awareness of nontraditional training and placement opportunities for women and girls, this directive is located inappropriately in the "Up-Front Job Search" section instead of under the Employability Plan at the beginning of the Act. The provision about nontraditional awareness should require states to coordinate their goals under the federal Nontraditional

---

[1] "The Minority Female Single Parent Demonstration: More Jobs and Higher Pay: How an Integrated Program Compares with Traditional Programs," John Burghardt and Anne Gordon, Rockefeller Foundation (1990).

Employment for Women Act (NEW Act) with JOBS.

JOBS Services: Job Search

The Act should require states to provide employability skills training as part of the job search process. This training should include application and interview preparation, world-of-work conduct and expectations, and individualized financial planning.

Administration of JOBS/WORK

We do not agree that JOBS and WORK must be administered by the same state agency--which would be the IV-A agency since by statute JOBS must be administered by the IV-A agency. Although the IV-A agency might be an appropriate agency to conduct the purely administrative functions of a welfare program, such as determining eligibility for AFDC and issuing payments and benefits to recipients, the IV-A agency is not necessarily the most qualified agency to do many of the employment aspects of the JOBS program nor to be responsible for the WORK program. The JOBS components such as education, job skills training, job readiness activities, job development and job placement are services that are best provided by a government agency that focuses on employment or subcontracted through community-based organizations that specialize in comprehensive job training services. Likewise, it makes sense for the WORK portion of the Act, which will find jobs for recipients, to be administered by an agency that is connected to the labor market.

No matter which entity has responsibility for JOBS, the Act should expand the list of functions it specifies as being the responsibility of the JOBS agency beyond the punitive ones it currently lists, such as applying sanctions and warning participants of impending time limits. The Act should require that the JOBS entity be committed to providing case management to all JOBS recipients instead of solely to teenagers as currently specified. Case management should include assessment, working with participants to create employability plans, identifying and coordinating education, training and employment services as well as other community-based assistance required for economic self-sufficiency, and monitoring the progress of participants in component activities. In addition, the JOBS entity should be required to coordinate its services with federal agencies that administer programs relevant to the JOBS population, such as the Department of Labor that implements JTPA and the NEW Act, the Department of Education that implements the Carl D. Perkins Vocational Education Act, the School-to-Work Opportunities Act to be jointly administered by DOL and DOE, the Department of Health and Human Services, and HUD.

Retention Records

In order to assess whether the WORK program is successfully meeting the goal of economic self-sufficiency for JOBS participants, data should be collected at six-month intervals for at least two years to determine: 1) the rate at which participants obtained employment; the rate of those who received reduced cash assistance; and the rate of those who left cash assistance; and 2) wage rates at placement and beyond, hours worked per week and what, if any, benefits are included.

In order to see what services are being used successfully by participants in the JOBS and WORK programs, data should be collected at six-month intervals for at least two years to determine: 1) the progress of a participant by program component; 2) if employed through JOBS or WORK, the kind of service that helped the participant, i.e. job search assistance, community work experience or occupational skills training.

Performance Measures Proposal

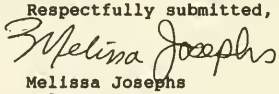
We agree with the Act's "Vision" that the performance measurement system be outcome-based and that state efforts should focus on the goals of the transitional support system. We feel that support services should be available to recipients as they prepare to enter employment through education, job training and job search. In addition, when JOBS participants enter employment, they continue to need support services such as child care, transportation, and a portion of their benefit, as they transition into self-sufficiency. It is therefore crucial that support services be provided for participants at both of these stages.

The standard that states should be expected to use as a self-sufficiency goal for JOBS participants should not be a single national performance standard such as defining success as a job that pays $6 per hour. Instead, we urge the JOBS program to adopt calculating a standard of need (how much a participant must earn to become self-sufficient) based on variations in community and individual/family needs as outlined in the Working Off Welfare Act (H.R. 4318). This would utilize data from HUD, JTPA and JOBS programs, on a state by state basis, to determine the housing, child care, transportation, health care, food, and clothing needs of JOBS recipients.

Conclusion

We encourage the House Ways and Means Committee to incorporate the above recommendations in constructing legislation to reform the welfare system. Attention must be focused on bridging the gap between the occupational skills of welfare recipients and the employment market. New perspectives and new partnerships must be fostered between the players involved in the welfare system in order to successfully reach the goal of economic self-sufficiency. These players include the welfare system staff, employers, educational systems and government agencies.

Respectfully submitted,



Melissa Josephs
Policy Associate
Women Employed Institute

Statement of Judith Lichtman, President
Women's Legal Defense Fund

to the Subcommittee on Human Resources
of the Ways and Means Committee
on the Child Support Provisions of H.R. 4605

July 28, 1994

The Women's Legal Defense Fund ("WLDF") is pleased that the Subcommittee on Human Resources of the Ways and Means Committee is considering comprehensive reforms of our country's child support system. WLDF is a national, nonprofit advocacy organization that for more than twenty years has worked for policies that help women and their families achieve economic security, equal opportunity in the workplace, and access to quality health care. For more than ten years, we have worked in Congress, the executive branch, and the states, to improve our country's child support system. In our research and advocacy, we have particularly emphasized the problems faced by low income women in obtaining child support, and the inadequacy of child support awards; thus, our statement will focus on those issues.

Since 1975, Congress has tried to legislate an effective, state-based child support system. Some significant improvements have occurred. Nevertheless, the system is still failing millions of children and their single mothers. Over half of all women potentially eligible for child support -- 5.4 million families -- received no payment at all, according to the U.S. Census Bureau. The economic loss to children is staggering. The Urban Institute estimates that if child support orders reflecting parents' ability to pay were established and fully enforced for all children, nearly $48 billion in support would be provided: over three times as much as the roughly $14 billion in child support that is currently paid.

More Fundamental Reforms Are Required: the Federalization of Support Enforcement and a National Program of Child Support Assurance.

Overall, the child support provisions of H.R. 4605 would make important improvements in the state-based child support system. However, even more fundamental reforms are needed to assure that all children benefit from the support of both parents.

First, WLDF recommends that the enforcement of child support obligations be federalized. This would permit enforcement functions to be handled by a single agency, with adequate enforcement powers, that could reach child support obligors wherever they live and work. State agencies would be able to focus on establishing paternity, and establishing and modifying child support orders.

The goal of H.R. 4605, in contrast, is to improve state enforcement by providing more federal support and requiring reforms at the state level. At the federal level, a national child support registry and new hire registry would be established. States would be required to develop more centralized and automated systems for enforcement, increase the enforcement tools available to state agencies, and expedite the processing of cases. If they were fully implemented, these reforms could improve the state-based system significantly; however, the dismal record of state child support enforcement makes this unlikely. A different approach to enforcement, as proposed in H.R. 4051, is required.

Second, WLDF urges the establishment of a national system of child support assurance, as proposed in H.R. 4051. Children need and deserve the support of both parents, and custodial parents need a reliable supplement to wages. Now, when a noncustodial parent fails to make a monthly payment, or makes only a partial payment, the burden falls on children and their caretakers. Child support assurance would protect children from this loss, by guaranteeing eligible children a minimum, reliable amount of child support each month. It is an approach that alleviates child poverty, while promoting work and parental responsibility, and should be a central part of welfare reform.

Demonstrations of the child support assurance concept would be established by H.R. 4605. The proposal, however, is too restricted to provide a real test of the concept. Only three, not

necessarily statewide, demonstrations would be funded. Children for whom orders had not been established despite their mothers' efforts would not be eligible to participate. Most disappointing of all, AFDC payments would be reduced dollar for dollar by the assured benefit. Thus, there would be no economic gain for children in families receiving AFDC, and far less encouragement for their parents to seek to combine child support and work. More comprehensive and better designed demonstrations are proposed by H.R. 4767.

More Families Must Be Helped to Obtain Support Awards.

Over 40 percent of all potentially eligible single mothers do not have child support awards. Low-income single mothers are particularly at risk for not having a child support award: 57 of mothers living in poverty, and 75 percent of never-married mothers lacked child support awards. To determine why the mothers who need child support the most do not even get into the system, a couple of years ago WLDF organized focus groups of low- income single mothers -- white, African-American, Latina, and Asian-American, urban and rural -- and asked them.

We found that most of the mothers wanted child support, but lacked key information about the system, were unable to use the system successfully, or were discouraged from even trying. Language barriers and transportation problems prevented others from getting help. The principal problem was not mothers' refusal to cooperate with the system; the problem was the system's failure to cooperate with them. A 14 year old mother told us:

> I don't know what's going on. I'm just confused . . . I have these papers that come from the [child support agency] attorney and they told me fill out a form with the signature of the baby's father. But they never gave me the form, so I called the office and left a message on the machine and they never call me. I call about every day and they never call me . . .

A Newark woman reported:

> The welfare office asks us to go to the Hall of Records to update information about where the father [is] . . . I really don't understand why . . . I go to the Hall of Records, give . . . a lot of information. Six months later they're asking me the same kind of information that I already gave them.

She never received child support; nor did a rural woman who gave information about the father to agency workers and was told, "we know him, we go out drinking every Friday night."

The frustrations mothers report in dealing with overloaded, inefficient child support agencies are shared by workers in those agencies. Pat Addison, a child support agency worker in Virginia, explained the problem to the Senate Subcommittee on Federal Services, Postal Service and Civil Service on July 20, 1994.

> Our current caseload assignment per worker is 1000 cases and growing all the time . . . [I]f a worker was actually able to look at each case and devote time to it the total available time would only be 98 minutes a year which works out to 8 minutes a month per case.

In such a system, encouraging agencies to impose more sanctions for failure to cooperate in the collection of support, as H.R. 4605 would do, poses substantial risks of injustice. And cutting off benefits to children and mothers does nothing to increase the number of child support awards established and collected. To do that, we need effective outreach, more efficient case processing systems, and improved staffing. This testimony focuses on the first of these requirements.

H.R. 4605 makes some provision for improving access to child support services. States must develop plans to make services more available to working parents, and to parents with limited proficiency in English. While these requirements address important barriers. they are inadequate. For example, they do not address the transportation problems rural women face or ensure that low-income women who are not receiving AFDC learn about child support

enforcement services. Better approaches are taken in H.R. 4767 and H.R. 4570, which would require States to develop and implement overall plans for serving underserved populations, and to work with non-profit agencies and other government agencies that serve low-income families.

Outreach programs to encourage voluntary paternity establishment are specifically required by H.R. 4605, and programs to educate expectant parents on their "joint rights and responsibility in paternity" are authorized. Unfortunately, and ironically, states are given the option to penalize expectant mothers for failure to participate in programs about the responsibilities of paternity.

Although increasing the number of cases in which paternity is established is essential, the best interests of children must be paramount. For cases in which establishing paternity, or pursuing support, will not be in the best interests of the child -- for example, where it is reasonably expected to result in physical or emotional harm to the child or caretaker, or where the child was conceived as a result of rape or incest -- H.R. 4605 continues the good cause exception to the cooperation requirement contained in current law. Significantly, it also requires child support agency staff to inform mothers, orally as well as in writing, about the exception.

A National Child Support Guideline Should Be Developed to Improve the Adequacy of Awards.

To improve the adequacy and uniformity of child support awards, Congress required that states develop and use guidelines in setting child support awards. WLDF analyzed how the guidelines in effect in the states in 1989-1990 would affect 12 typical families. We found that many state guidelines failed to provide adequately for children, even when there was sufficient parental income, and that awards varied considerably among the states. The greatest disparity was found in the typical family in which the mother and children were receiving AFDC, while the father's income was about $2,000 above the federal poverty level. Awards ranged from a low of $600 to a high of $4,227, more than seven times as much.

H.R. 4605 addresses this problem by calling for the establishment of a National Commission on Child Support Guidelines. The Commission's potential effectiveness is weakened, however, by the nature of its mandate. Congress ultimately must decide if a national guideline is advisable; requiring the Commission to resolve this issue before it develops a national guideline for consideration by Congress is a prescription for deadlock. Moreover, the legislation should not attempt to list every factor the Commission should consider in developing a guideline. The specific but incomplete listing contained in H.R.4605 simply invites controversy over the significance of such omissions as the appropriate treatment of expenses for elementary or secondary education. Instead, as proposed in H.R. 4767 and H.R.4570, the Commission should be generally directed to consider various guideline models, their benefits and deficiencies, and any needed improvements.

The System for Modifying Awards Must Be Improved, to Maintain the Adequacy of Awards.

Even if child support awards were adequate when first set, they tend to become inadequate over time. Increases in the income of noncustodial parents are not reflected in award levels, and inflation erodes their value. Congress addressed this problem in the Family Support Act of 1988, which required that, as of October 1993, states update orders in all AFDC cases every three years. By the same date, States were required to have a system in place for updating awards in non-AFDC cases being handled by the state child support agency, at the request of either parent, every three years.

The evaluation of the results of four demonstration projects testing different approaches to the review and modification of child support orders highlight both the potential advantages of modifying orders, and the problems with the current system. Over 90 percent of the modifications resulted in increases in awards, and the average increase in awards was over 100 percent. Even though awards went up, compliance rates stayed about the same, so the amount of support actually paid went up over 100 percent.

However, the demonstration projects were able to modify awards in only a limited percentage of cases selected for review: 10 percent overall. Orders were more than twice as likely to be modified in AFDC cases (15 percent) as in non-AFDC cases (6 percent). The likelihood that a case would be modified depended heavily on how the state chose to staff its modification project. The three states that used full-time, project-dedicated staff to conduct their modification projects modified awards in 10 to 11 percent of the cases selected. The one state that used existing staff, with other child support enforcement responsibilities, modified only 4 percent of the cases selected. The average length of time required after case selection for case review and modification was over six months (196 days).

H.R. 4605 proposes major changes in the laws governing modification of orders -- eventually. Virtually no changes will be required in the current inadequate system for modifying orders for five years. As of October, 1999, however, states will have responsibilities that their record to date, and the results of the modification project, suggest they will be hard pressed to fulfill.

States will be required, every three years, to review all orders in the central case registry, which is to include all cases in which an order has been entered or modified on or after October 1, 1997, as well as all other cases in which services are being provided by the state child support agency. There are a few exceptions. States will not be required to undertake such a review if it would not be in the best interests of the child, or if both parents, having been informed of the modified support amount that would be imposed, have declined such modification in writing. Unfortunately, states also will be excused from modifying orders if the change in the amount is no more than ten percent, a change which could still be significant to a low income family, or one with several children. In addition to periodic reviews, H.R. 4605 would require states to afford parents a review upon request whenever the income of either parent has changed by more than 20 percent (an inappropriate standard in states where changes in the custodial parents' income would not affect awards), or there have been other substantial changes in circumstances. However, H.R. 4605 does not afford parents access to the information they need to decide whether to request a review.

A better approach to updating awards is outlined in H.R. 4767. By October, 1995, states would be required to have laws in place requiring that all orders subsequently issued or modified provide for an annual cost of living adjustment. Unlike a review and adjustment pursuant to the child support guidelines, which usually requires gathering considerable financial information from both parents, a cost of living adjustment can be made automatically. This is a feasible way to assure that awards at least keep pace with inflation.

In addition, under H.R. 4767 States would have to review and adjust the order in accordance with the guidelines every three years, at the request of either parent; parents could also request a review based on a significant change of circumstance. To enable parents meaningfully to exercise their rights to request a review, parents would be required to exchange financial information annually.

There is bipartisan agreement that significant steps must be taken to improve the child support system. WLDF urges the Subcommittee to be bold and creative, and to develop a system for child support enforcement and assurance that will address children's needs for economic security.

Testimony on the Work and Responsibility Act of 1994
Submitted to the House Ways and Means Committee, August 29, 1994
By Connie Evans, President, Women's Self-Employment Project

The Women's Self-Employment Project is a non-profit, financial services, and entrepreneurial training program targeting low-income women in Chicago. WSEP's mission is to raise the income and degree of economic self-sufficiency of low- and moderate-income women through a strategy of self-employment, and to serve as a catalyst for developing viable options for alleviating poverty. WSEP is the first organization to adapt the successful peer lending program of the Grameen Bank in Bangladesh to a United States urban environment. WSEP provides business training, technical assistance, and loans to help women break the poverty cycle through self-employment and microbusiness ventures. Since its inception in 1986, The Women's Self-Employment Project has assisted nearly 4,000 women, helping hundreds to become more self-sufficient through self-employment. Many of these women have made a transition from welfare to work through our program.

WSEP recognizes the need to reform the welfare system, making it easier for recipients to make the often difficult transition from welfare to work. While we are pleased to see that the President supports self-employment as a viable path from poverty to self-sufficiency, we are concerned that his proposal includes roadblocks to self-employment as well. Although the Work and Responsibility Plan is clearly a provocative and well-meaning document, if implemented as is, it will actually increase, rather than decrease, the degree of poverty in our country, and exacerbate the kinds of social problems it is meant to solve. The President's plan will make the welfare system less responsive to those most in need of a safety net and a bridge to a more prosperous future.

Employability Plan
We agree that participants should consider their employment options as soon as possible through the completion of an employability plan. Yet we are concerned that the plan, coupled with the requirement for an up-front job search for the phased-in group, focuses more on forcing recipients to accept the first available position, than on assisting them to achieve lasting self-sufficiency. A meaningful employability plan will offer participants new options, such as nontraditional occupations and self-employment, so that they can eventually earn enough to support their families. A program which simply places people in the first available minimum wage job may seem like it is reducing welfare dependency, but it won't, since many of the same people will end up back on assistance--or worse, homeless and even more discouraged--when they are unable to achieve lasting self-sufficiency. **When completing their employability plans, all recipients should be informed of the wide range of employment options, including nontraditional jobs and self-employment.**

Self-Employment
Self employment and microenterprise development provide mechanisms to create jobs and even to enhance the development of disadvantaged neighborhoods. Although self-employment is not the solution to poverty or unemployment for all people, WSEP has found that it is a viable option, particularly for some low-income women with existing skills. In their study of five of the oldest microenterprise assistance programs, including the Women's Self-Employment Project, the Self-Employment Learning Project (SELP) found that microenterprises are creating jobs in economically distressed communities, particularly among women (75 percent) and people of color (66 percent), those with the least access to other forms of employment. Most microenterprise programs offer a combination of training, capital, and support to help entrepreneurs begin or expand their small businesses.

At the present time, without waivers, there are substantial barriers to self-employment for welfare recipients, such as asset limitations which are too low ($1000) to allow enough savings for self-

employment, and the practice of combining personal and business assets when figuring income level. In addition, because capital purchases, depreciation, and the repayment of loan principals are currently considered part of a recipient's income, welfare recipients find it difficult to use self-employment as a path off of public assistance.

WSEP has worked to obtain a self-employment exemption (HB707) in Illinois that allows women to accumulate up to $5000 in business assets, and still retain their benefits, as they start their own business. The waiver has been such a success that it might serve as a model for federal legislation. You may have heard Marie Hughes, a graduate of our program, when she testified before the Hunger Caucus earlier this spring. Marie was on public assistance for ten years, before she came to WSEP and started Marie's Spotless Maid Service, a successful cleaning business with four employees. Marie credits HB707 with providing the transitional resources which will allow her to go off public assistance completely this year.

The two-year time limit and the limited transitional child care and health benefits, which are at the core of the President's proposal, will make it much more difficult for women like Marie to become successfully self-employed. We have had great success with long-term welfare recipients who are now becoming self-sufficient through microenterprise. Yet this process often requires longer than two years for training and business development. In a recent focus group composed of women in our program receiving AFDC, the women argued for a way that they could receive gradually reduced benefits (based on their income) as they build a business. Many of the women felt that a longer period of medical and child care benefits would be enough to assist their move towards eventual independence from the welfare system. We work with women who want, more than anything, to get off of welfare, but who simply need more time to make the transition from welfare to work permanent. **We join with almost all organizations which work with welfare recipients in insisting that the President's plan include longer transitional benefits and no arbitrary time limit.**

Although existing provisions in federal programs, such as JOBS, JTPA, CDBG, SBA, and HUD have appropriations for microenterprise development programs, statutory and regulatory barriers continue to make it difficult for states to fully access these funds for microenterprise development programs. These programs need to be reevaluated and revised to encourage self-employment as a viable option for self-sufficiency and community development. **All education, training, and employment programs should provide a self-employment option.**

The WORK Program

We are pleased that the President's WORK component aims to function as a "work for wages" rather than a "work for welfare" program. Yet without planning, this program will simply place workers in minimum wage jobs with no benefits or opportunities for long-term employment. **Training and education must be encouraged, rather than discouraged, so that WORK participants will be prepared to succeed in jobs or self-employment that will provide a future for them and their families.** Although self-employment is mentioned as an option in the President's plan, it is not enough to merely permit self-employment; the regulations of the WORK program--such as the hiring process and the hourly work requirements--would need to be revised in order for self-employment to become an integral part of the WORK program. For example, a self-employed WORKS participant might need a longer period of cash benefits while building a business. **The WORK program should be flexible enough to encourage participation in the kinds of jobs and self-employment which can lead to long-term self-sufficiency.**

The Earned Income Tax Credit is an example of the best kind of government program. The EITC "makes work pay" by allowing low-income workers to keep more of their income. **Since those in the WORK program are to be treated as workers, they should be eligible for an EITC based on their income from the WORK program.**

Income Packaging

A successful welfare policy will recognize that many people must combine sources of income in order to achieve a livable wage, and will allow for income packaging. For example, an income packaging approach

would permit a welfare recipient to have a low-wage job, self-employment earnings, and a limited amount of public assistance benefits, such as child care and medical coverage. President Clinton's plan encourages income packaging in his attempts to "make work pay," for those on assistance for less than 24 months. Yet the plan should be modified to continue to assist those who are trying to make work pay, but are unable to completely do so. **Income packaging should be encouraged as a way to alleviate poverty and as a way to continue to "make work pay."**

Individual Development Accounts

The nation's policies currently subsidize asset accumulation for the wealthy and penalize asset acquisition by the poor. The federal government spends billions to provide middle- and upper-income people incentives to build assets through home mortgage deductions, preferential capital gains, and pension fund exclusions. These programs are beyond the reach of most low-income people. Welfare recipients with assets over $1,000 are denied benefits; in other words, poor families must deplete most of their assets before qualifying for public assistance. The result is an increase in long-term welfare dependency, as recipients lack the assets to establish themselves outside the welfare system.

We are pleased to see that Individual Development Accounts (IDAs) have been incorporated into the President's welfare proposal. Families are more likely to escape poverty through savings and investment than through subsistence-level wages or public assistance. When people accumulate assets, their thinking and behavior changes. They are more likely to take care of what they have, plan for the future, develop their personal abilities, and participate in the community. An asset-based policy empowers people to take responsibility for their lives, and gives them the means to make their goals a reality. As the President points out, IDAs "would promote self-sufficiency by encouraging recipients to accumulate savings, assets and start their own businesses." (Legislative Specifications, p. 159) We agree that if a family establishes an IDA while on public assistance, then goes off aid, and later reapplies, their IDA savings and interest should be disregarded. Yet we were disappointed to see that if a family establishes an IDA while not receiving aid, and later applies for assistance, the amount in the IDA will not be disregarded. This would seem to discourage saving among the working poor, who might fear that an IDA account would hurt their chances of receiving aid, should that become necessary in the future. **IDAs should be encouraged as a means toward self-sufficiency for all low-income Americans. IDA savings should be disregarded for all public assistance determinations.**

In conclusion, our country now faces a turning point in welfare reform. The Women's Self-Employment Project recognizes the President's initiative in trying to "end welfare as we know it." Yet any effective public assistance program must provide a safety net for those who need it. It must also offer real paths out of poverty, rather than simply an end to welfare support. To be effective these programs must be long-term, with individualized and appropriate options to assist those who are able to work towards lasting self-sufficiency. **We believe that the best welfare reform package will consider self-employment at each step in the transition from welfare to work.**

TESTIMONY ON "WELFARE REFORM" FOR THE WAYS & MEANS COMMITTEE HEARING- August 9, 1994

My name is Victoria Woodard from Framingham Mass. I am a mother of 3 and a ex-welfare recipient. I am a member of the Women's Alliance. I have been off the rolls for exactly a month. I am writing this letter not to express my hatred. Only to educate those who may follow me. And maybe within my story someone will find the strength and courage they need to move on.

I came to this state with the hope that me and my kids will have a better life. It started as just a vacation to check out the job situation. I started a job as soon as I arrived in this state. I worked for 6 months until the owner sold her company and moved out of state. After that I went on the rolls. It was something that I hated. I didn't want to become dependent on a system that to me destroys your pride or self-respect. After that everything seemed to go down hill. I had to move out of the apartment that I was sharing with my sister. It was truly an overcrowding situation.

So from my sister's house I went into a motel that the welfare office had placed me in. It was an awful place. I and my kids hared one room with 2 super single beds. The manager of the motel made it his job to check out the rooms to make sure we weren't cooking in our rooms. Yet the inspection took place between the hours of 10:00 p.m. to 11:00 p.m. And he did this, not by knocking on the door, but by peeping through the window. After we threatened to call the police and report him he stopped, but only for a little while. After being in the motel for 2 weeks , I decided that I could no longer continue to take my kids out to eat. Something had to done. So I borrowed a cooler from my sister and started to store milk and other small items like deli meats and juice. After about a month I took it a step farther, I got a small electric fryer and started cooking in the bathroom of my room.

This lasted for about 2 months. After that I went into the shelter. Boy was it a relief. When I first walked through the door I was surrounded by warmth. The other mothers welcomed me right into the family. And I do mean family. (I wrote a poem expressing the warmth and comfort that I felt.) I stayed in the shelter for exactly 10 days.

Yeah, I got my first apartment. I moved in on September of 88'. I was so excited, so pleased with myself. The shelter helped me furnish it with small items that had been donated to me. And my sister helped and with the money that I had saved from being in the motel and shelter I was able to buy other items that I needed. I still remember the first night I moved in. I had stayed up a little later then I was used to at the time. We were so excited by moving. So it was kinda late when I finally drifted off to sleep. Only to be awaken by my son a hour later shouting " It's an earthquake– get out of the house." Well we grabbed what we could and raced out of the house. Now we're standing in the street wondering why no one else had come out of the homes. And I hear a loud horn. That's when I seen the train. It was a freight train about 500 feet from the house. We laughed so hard going back up the stairs that night. You know I don't know if we

ever had another freight train go by. I guess I had gotten used to it by now. I was also working during this time.

I stayed at this apartment for almost 3 years. And you can say I had some serious up and downs. This was also my first look at the drug called crack or cocaine. For in this apartment, I got hooked and sober. In the space of 4 months, I was truly hooked on this drug. 4 months later I was entering a detox. Also within those 8 months I moved trying to get away from the addictive environment. Trying to stay away from those people.

After I moved, the state decided that this would be a good time to make major changes in the Mass Rental Voucher Program. So the gradual increase in my rent, gradually became a problem for me --Sometimes doubling my rent. At this time, I was also dealing with personal issues surrounding myself and children. Also for transportation reasons, I had to quit my job soon after I moved into my new apartment. So I was totally dependent on the Welfare system.

As you can see from my testimony I have been on and off the system for several years. I would like to take this time to tell you why. First of all, this system was not designed to encourage women to leave the system. It makes it totally impossible to set any realistic goals. I have been through the Welfare so-called training course only to finish with very few new skills. What they basicly had to offer was office skills. At the time, there was no jobs in the market for basic office skills. Unless you had specific skills or experience intact already, these were totally out of reach. So that left minimum wage jobs. I for one went out and got a low wage job working the 2nd shift. Which left my kids at home between the hours of 4pm to 12:00 pm and sometimes later. Well, I recently had to leave that job because my 10 year old son was out to 2:00 am in the morning. Just because my kids are older does not mean that they can be left alone.

I would like to say from experience: there is no way any parent can support their family on these wages. Then on top of trying to make ends meet, the Welfare system starts taking dollar for dollar out of your check leaving little or nothing to build a saving on. Get real. If you want to encourage women to leave the system you have to be willing to give them something to believe in. Or something that they can fall back on. Like a savings acount, a decent wage, a car or some reliable, cheap transportation, and affordable childcare of my own choosing. I also need to know that I have safe, long term, affordable housing-- something I have not had for six years since I came to Mass.

For myself I would like to go back to school and get a degree in Computer repair or Computer programming, but with the stuff going out of the statehouse, I'm scared. I say this with much disappointment and embarrassment, but I'm not sure where I and my kids will be in 6 months from now.

Nancy Shier
Chair, Federal Subcommittee on Work, Welfare and Families of Illinois
c/o KidsPEPP
188 West Randolph Street, Suite 2200
Chicago, IL 60601
(312) 855-1444

COMMENTS ON WELFARE REFORM LEGISLATION INCLUDING THE WORK AND RESPONSIBILITY ACT OF 1994 AND HR 4767 BY WORK, WELFARE AND FAMILIES OF ILLINOIS

Work, Welfare and Families of Illinois (WWF) is a diverse coalition of human service, religious, civic and community organizations dedicated to improving the health and well-being of Illinois families dependent on public assistance. Some of the guiding principles underlying the nation's vision for welfare reform are consistent with the commitment of WWF to Illinois families, including our efforts to support and promote public policies that respond fairly to the needs of poor families (make work pay), provide families a basic level of economic support, and establish a wide range of education and training support services to assist poor families in becoming self-sufficient.

We applaud the efforts of the House Committee on Ways and Means and the Subcommittee on Human Resources to improve the lives of low-income families. However, it must be done in a way that protects children and families and achieves our mutual goal of facilitating self-sufficiency.

Work Welfare and Families of Illinois has identified a set of program service components that must exist in any successful welfare reform effort. These components conform to the following overarching principles:

- The needs of children must be paramount in formulating welfare reforms.

- The overarching goal of welfare reform must be to help move people out of poverty.

- The goal of moving people out of poverty is defeated by funding welfare reform with cuts in other programs for the poor.

- Successful welfare reform must address the issue of creating and ensuring access for poor people to decent jobs that pay wages on which a family can live.

- Child care for all low-income families must be considered an entitlement.

- There must be a federal mandate, with funding support, for states to increase the supply and range of quality child care options.

- The collection of delinquent child support should be the responsibility of the Federal Government. Child support assurance is the most innovative way to help move families out of poverty while emphasizing parental responsibility.

- There must be access for welfare recipients to quality education and training programs leading to good jobs.

- The needs of America's Single Adult Population (which is disproportionately African American and male) for assisting in transitioning from welfare to work must also be addressed if any welfare reform initiatives are to be successful, because of this population's connections with, and subsequent impact and influence on, the young women and children who are being targeted as the first phase in group.

- The minimum wage must be increased and tied to the cost of living, as is Social Security.

- Welfare reform must address AFDC benefit levels.

- The proposed changes in the welfare system should be phased-in over a specific time period, with volunteers targeted first. Individualized employability plans must reflect each family's special circumstances.

- Part-time work is the best strategy for many families to balance work and child-rearing responsibilities. Treatment of welfare recipients' earnings must be changed so that work is rewarded and part-time work is encouraged.

- Welfare reform is dependent on successful health care reform and should follow the timelines for health care implementation.

These principles underlie all of our following recommendations and continuing concerns regarding welfare reform.

Financing

A major area of concern involves options being discussed for financing welfare reform. We understand that financing options are limited, owing to the 1990 budget agreement which requires that funding increases to entitlement programs be funded either through raising taxes or cuts in other entitlement programs. However, we cannot state too strongly nor too often that welfare reform must not be financed by reducing funding for other programs serving low-income families. The notion of helping one group of poor by cutting benefits to another group of poor is bad public policy.

The sponsors (usually relatives) of legal immigrants would be required to support the legal immigrants for a longer period of time than is currently required. But these sponsors are already tax-paying citizens, for whom such programs should be available as a safety net for their family members, in the same way as these services are available for the family members of all other citizens and taxpayers. In Illinois alone we estimate over 88,000 persons would be affected by changes in eligibility for the four major entitlement programs. This method of financing welfare reform transfers federal responsibility to state and local governments, private and public health care institutions and the not-for-profit sector.

In addition, we strongly recommend that the federal requirement that states provide a match to draw down federal welfare dollars be eliminated, or significantly reduced. If not eliminated, we recommend that current federal regulations regarding the use of private dollars as state match for FSA dollars be relaxed.

JOBS and WORK Programs

- We continue to oppose in the strongest terms the imposition of rigid and arbitrary time limits on AFDC eligibility. The experience of transitioning from welfare to work is clearly an individual one whose length is determined by an array of variables including: education, skills, work history, life situation, and availability of support services and local job opportunities. Rigid time limits ignore the varied realities of life. The 24-month lifetime cap on benefits erodes the safety net and will leave many deserving people with no support in their times of greatest need. The provision of benefits, therefore, should be based on individual assessments rather than arbitrary time lines.

- In order to be effective, employability plans must be flexible and responsive to individual circumstances, skills and needs. We are disappointed that the Administration's welfare reform plan does not take this "best practices" approach. Based on the language

defining the purpose of the employability plan, those individuals who have the capacity to get a minimum wage job would have difficulty justifying participation in longer-term training. The focus of employability planning would implicitly shift from what makes the most sense for an individual to how many months are remaining on the time clock. While this may lead to job entry in the short term, it may very well not result in long-term economic self-sufficiency. Welfare to work strategies should be flexible, so that recipients have a variety of employment options including self-employment.

- Education and training activities which will lead to jobs with family-supporting wages and promise of career advancement should be the priority for JOBS program participants. Labor market demands of the 21st century clearly dictate the need for workers with higher education and relevant technical skills. The Administration's school-to-work and re-employment initiatives reflect this priority. However, a time limited program, focused on immediate job entry coupled with rigorous participation standards, "sets the stage" for moving welfare recipients into low-wage, dead-end jobs that will not lead to self-sufficiency. To promote real self-sufficiency, any effective welfare reform package must include education and training programs, including self-employment training, leading to jobs which can raise families above the poverty level.

- We strongly believe that in order to be effective, job search must not be a stand-alone activity but rather combined with other training and support services. Under the Administration's plan, a participant could potentially be engaged in job search with minimal support for fully one-third of her 24-month time limit. Recent studies by both the National Commission for Employment Policy and the Center for the Study of Human Resources, indicate that low intensity job search activities, on their own, do not result in improved outcomes in terms of wages and employment retention. While an initial job search may be appropriate at enrollment, subsequent JOBS program activity should not be curtailed in order to meet arbitrary job search requirements. In order for job search to be effective, the JOBS program must put an equal emphasis on job development, effective placement and ongoing follow up and post-placement services.

- It is crucial that welfare reform recognize the importance of non-traditional, higher-paying jobs for women, including self-employment. We must recognize and build upon the substantial efforts underway nationwide in this important area of job creation and training. By focusing exclusively on training for traditionally female dominated, low-wage occupations, we miss vital opportunities for moving women further along the path of self-sufficiency.

- We urge that families with children under the age of <u>three</u> continue to be exempt from mandatory participation in JOBS. There is a severe shortage of child care for children under three throughout the country, and high quality care for this age group is very expensive and more difficult to provide. In addition, because of what is known about child development in the earliest years, we oppose requiring all mothers with infants and toddlers to participate in JOBS.

- Minimum work requirements must reflect the realities of both balancing work and family responsibilities and existing labor market conditions. If a major goal of the reform effort is to encourage work, then any time during which recipients are employed either full- or part-time, should be considered "off the clock." For some parents, particularly those who are single and caring for young children, a ten-hour work week might be an appropriate balance of employment and parenting responsibilities. There is no reasonable threshold that will be uniformly applicable to all families. In addition, much of the growth in entry-level employment is, in fact, in part-time and temporary positions for which work hours cannot be guaranteed.

- **We strongly believe any public service employment (e.g., WORK) program must be based on a work-for-wages model, as long as adequate worker protections are included (i.e., due process).** While we are pleased that the Administration's plan takes such an approach, we are concerned that as currently structured, the WORK program may increase the poverty of some AFDC families. We do not support allowing states the option of choosing a work-for-welfare model instead of work-for-wages nor do we support any AFDC punishment against persons who are laid off or quit a WORK assignment for good cause. There must be full AFDC eligibility during periods on the WORK waiting list. WORK wages should be treated as regular wages for purposes including the Earned Income Tax Credit.

- **We strongly support establishment of federal performance goals for the JOBS program, given that participation rates are an inadequate measure of program effectiveness.** In FY 1993, Illinois' JOBS program maintained an average monthly participation rate of nearly 19,000, yet only 5,205 JOBS participants reported finding employment (27%). If the JOBS program were held to the same standard as JTPA, for example, the program would be questionable not only because of its low placement rates but for its lack of retention data.

Last year, the Illinois General Assembly passed legislation which requires the Illinois Department of Public Aid to conduct a longitudinal evaluation of its JOBS program. While this is a positive step toward creating accountability for program outcomes, the evaluation effort will not be successful unless the necessary funds are appropriated. **Therefore, in addition to establishing federal performance goals for JOBS, we urge welfare reform to provide funding and support to states to develop the information and management systems necessary to collect and maintain data on such measures as long-term job placement and the number of families who achieve income levels substantially above the poverty level as a result of JOBS participation.** Furthermore, we recommend that states be required to submit a five-year plan detailing strategies for improving JOBS case management services.

- **Teen Case Management:** We strongly support the provision of enhanced case management for teen parents under the age of 19 with caseloads no larger than 50 teens per staff person.

- **Make Work Pay:** Given the education and work experience profile of Illinois' adult AFDC population, many, even with quality job training and support, will only qualify for entry level jobs that often pay low wages and offer less than full-time work hours. In fact, according to the Illinois Department of Public Aid's 1993 Annual Report, nearly one-fourth of the jobs obtained by AFDC/JOBS participants were part-time. And, 75% of those in part-time employment were paid hourly wages of $5.00 per hour or less compared to 50% of full-time employees. In order to be responsive to labor market trends, Illinois recently implemented "Work Pays," an innovative initiative designed to support AFDC recipients in making the welfare-to-work transition. Recognizing that for many AFDC mothers, attaining economic self sufficiency will require a combination of work and income supplementation, "Work Pays" enables those who obtain employment to keep two out of every three dollars earned until the family's countable income reaches the poverty line.

We urge welfare reform to adopt the "Work Pays" model as part of it's federal plan. Not only will such a policy take into account job market realities, but it will be responsive to the parenting demands of single parents with small children. Part-time work is the best way for many families to balance child rearing with work activity.

Child Care

We support the concept that <u>all</u> low-income families -- those who work and those preparing to work (in education and training programs) -- need and deserve child care

subsidies, and therefore we continue to urge that child care be made an entitlement for low-income families.

- We recommend that federal regulations continue to allow and encourage states to pay child care expenses directly for working AFDC recipients. In addition to these various means of providing families with the funds to pay for necessary child care, it is essential that funds be allocated for increasing the supply of care as well. Otherwise, families may have the money to shop, but nothing to buy.

- As funds are made available to increase the supply of child care, we must also ensure that children are as safe as possible. Funds should be allocated to allow states to provide, at minimum, basic health and safety training to all providers, exempt and non-exempt from state regulation.

- In addition, we recommend the expansion of the transitional child care (TCC) entitlement program beyond its current twelve month limit to help families pay for child care until their income is above 185% of poverty.

Promoting Parental Responsibility and Preventing Teen Pregnancy

- We applaud the increased funding for Title X family planning services but stress that, given an existing contraceptive failure rate ranging from six to sixteen percent, these family planning services must include comprehensive reproductive health services.

- We continue to strongly oppose the option of allowing states to limit benefit increases when additional children are conceived by parents already on AFDC.

- We oppose a requirement that minor mothers live at home in order to receive welfare benefits because of the documented high incidence of sexual abuse among teen parents. Alternatives could include requiring them to live with a responsible adult (not necessarily a parent or relative), in a supervised group home for teens and their children, in a supervised independent living arrangement, or independent living for an emancipated minor. But the teen must have the choice among these arrangements and not be required to explain or justify the choice. This is the only way to reconcile a teen residency requirement with accepted practices in the treatment of incest and other abuse victims.

Child Support

- We support an improved federalized system of child support enforcement, coupled with a national child support assurance program that ensures a minimal benefit level for all children. If a national Child Support Assurance program is not adopted, we recommend increasing the pass-through of the child support award up to the State's Standard-of-Need for that family. We strongly oppose denying aid to women who in good faith are not able to verify the identity or location of the father.

- In the absence of the national system described above, both the Administration and the Matsui bill contain many provisions we support: a federal child support clearinghouse; a national commission on child support guidelines; child support assurance demonstrations; increases in the pass-through for AFDC recipients; an expanded role for the IRS; license revocations for delinquent payors; improved intrastate enforcement; universal wage withholding; and giving first priority to the family when distributing lump sum payments of child support. The Matsui bill does not contain the provision in the Administration's bill that would impose a rigid requirement on AFDC applicants to provide verifying information about the father and would deny AFDC to all women who in good faith did not have such information.

Single Adults

- The single adult population has historically been and continues to be discriminated against within the welfare assistance system. Also historically, this population has tended to be mostly male and now in urban settings, mostly African American.

- The stereotype is that most single adults are able-bodied and don't want to work. Many research studies indicate that many are not employable or need specific assistance in accessing gainful employment. Mental health problems, physical limitations, labor market needs, geography, etc., are all factors which can prohibit individuals from employment. Single adults need more assistance in becoming reconnected in a more positive vain, to their families, friends, neighborhoods, communities and their country. True and real welfare reform would offer these forgotten Americans such an opportunity. Sadly, the Administration's current welfare reform plan does not. We believe income assistance, job creation and access to education, employment and training programs must also be available to this population.

We support certain approaches Representative Matsui has taken in his bill, HR 4767, which we feel both address and reflect our major concerns and recommendations for welfare reform. The following is a summary of key problems in the AFDC system, and the differences between the Administration and Matsui strategies in confronting these problems:

- The Matsui bill rejects the basic time-limits approach, and focuses instead on increasing participation in JOBS and work.

- The Administration's bill would give all states the option to implement a child exclusion (family cap) provision. The Matsui bill contains no such option.

- Infants and Toddlers: Under current law, parents are subject to program requirements when their youngest child reaches age 3, or at state option, age 1 (though teen parents are subject to requirements as soon as a child is born). The Administration's bill requires participation from parents when a child reaches age 1, and requires participation when a child reaches 12 weeks if the child was conceived while the parent was on AFDC. The Matsui bill retains state flexibility under current law. In terms of what is known about child development in the earliest years, we strongly question the wisdom of requiring all mothers with infants and toddlers to participate in JOBS. A large body of evidence supports the fact that the first three years of life are critical in laying the physical, emotional, and intellectual foundation of a child's life. We believe that as a society, we must support families in their roles as both parents and providers.

- The Matsui bill does not include the provisions of the Administration's bill which reduce funding for current programs serving low-income families (e.g. Emergency Assistance and restrictions on eligibility for legal immigrants).

- Employment: State JOBS programs have been so focused on meeting federal participation rates that they have not put enough emphasis on getting people into jobs. The Administration's bill assumes that the pressure of a two-year time limit and new job search mandates would make states and individuals more focused on entering employment. The Matsui bill requires that states spend at least 10% of their JOBS dollars on job placement, development, and retention efforts; and requires the federal government to begin tracking job entries, wage rates, and job retention.

- **Two-Parent Families:** AFDC rules deny or restrict aid to two-parent families. The **Administration's bill** permits states to end restrictions on AFDC-UP eligibility, but imposes no requirement to do so. The **Matsui bill** ends all discrimination against two-parent families, and requires that all states provide aid to needy two-parent families.

- **Working Poor Child Care:** Many states have long waiting lists for working poor child care assistance. The **Administration's bill** increases federal spending for the At-Risk Child Care Program by $1.5 billion over five years. The **Matsui bill** increases federal spending on the At-Risk Child Care Program by $6.2 billion over five years. The bill creates incentives for states to draw down all their available federal At-Risk funding. The bill creates a state option to provide Transitional Child Care for two years.

- **Teen Parent Case Management:** Under The Family Support Act, many states have failed to provide case management services to teen parents. The **Administration's bill** requires case management, but the requirement may mean little with no specific caseload ratio. The **Matsui bill** establishes a 50:1 ratio as a state average to ensure intensive case management.

BOSTON PUBLIC LIBRARY
3 9999 05983 479 4

ISBN 0-16-047095-1
90000